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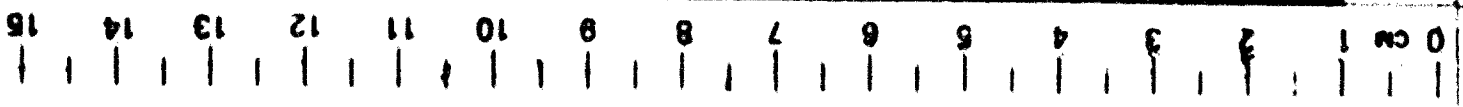
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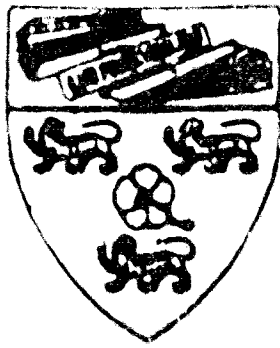
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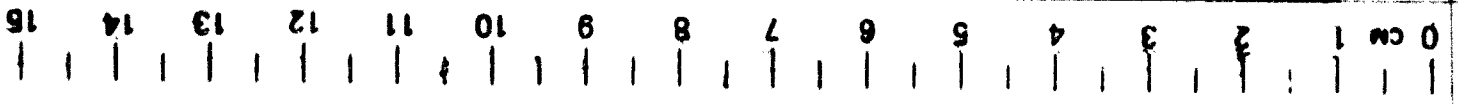


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PRELIMINARY STUDY OF THE ECONOMIC DEVELOPMENT

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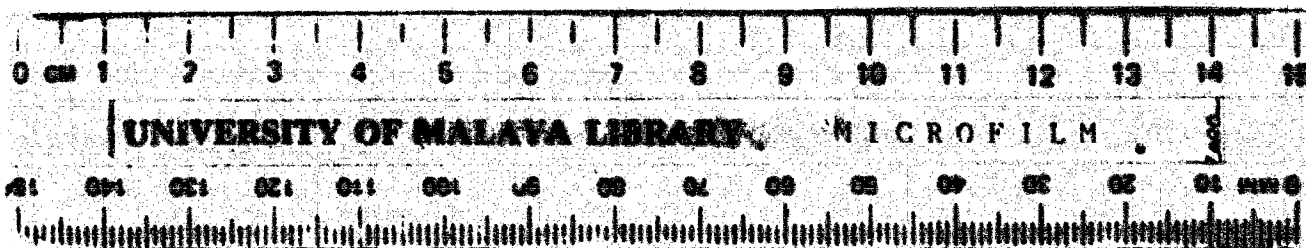
Perpustakaan

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By

GERARD ROWLES



A GRADUATION EXERCISE PRESENTED TO THE UNIVERSITY OF MALAYA

IN PART FULFILLMENT TOWARDS THE DEGREE OF BACHELOR OF ARTS

WITH HONOURS IN ECONOMICS

TABLE OF CONTENTS

Page

| | |
|--|-----|
| LIST OF TABLES | v |
| LIST OF DIAGRAMS..... | vi |
| SUMMARY | vii |
| Chapter | |
| I. INTRODUCTION..... | 1 |
| Objective of Study | 1 |
| Scope of Study | 1 |
| Limitations | 2 |
| Theoretical aspects of Study | 4 |
| Findings and Conclusion | 8 |
| II. THE MALAYAN ADVERTISING ENVIRONMENT..... | 11 |
| Rural Population and the Economic Differential (a problem)..... | 12 |
| Poverty and Literacy | 16 |
| Availability of Advertising Media | 16 |
| Local media | 17 |
| III. AN EXAMINATION OF THE PRODUCTS INVOLVED IN THE STUDY | 30 |
| Types of Goods | 30 |
| The need for different strategies for different products..... | 34 |
| IV. MARKET CHARACTERISTICS..... | 40 |
| The Behaviour of Customers | 40 |
| Market Characteristics | 45 |
| The Cigarette Market | 45 |
| The Soft-drinks Market | 47 |

TABLE OF CONTENTS

| Chapter | Page |
|--|------|
| The Paint Market | 32 |
| The Industrial Fuel and Chemical Market | 33 |
| The Petrol Market | 34 |
| The Tyre Market | 60 |
| Market Demands | 62 |
| V. PROMOTIONAL OBJECTIVES | 67 |
| Objectives of Consumer convenience goods - Rothmans and Fraser and Neave | 67 |
| Objectives of Shopping Goods - I.C.I. and Lever Brothers.. | 73 |
| Objectives of speciality goods - Shell and Dunlop | 75 |
| Promotional objectives in Industrial goods. Shell and Dunlop | 78 |
| VI. THE PROMOTIONAL BUDGET..... | 83 |
| Determining the Budget | 83 |
| Methods used | 86 |
| Definition of promotion adopted | 87 |
| An examination of the Budgets of various companies | 94 |
| VII. THE STRATEGY OF PROMOTION..... | 99 |
| (a) The cost factor | 100 |
| The availability of Media | 101 |
| Assessment on the effectiveness of the media | 102 |
| The Allocation | 103 |
| Comparison and Conclusion | 118 |
| (b) Personal-selling strategy | 121 |
| Sales-force selection | 121 |

TABLE OF CONTENTS

| Chapter | Page |
|--|------|
| Sales-force training | 122 |
| Compensation and Motivation | 124 |
| An examination of Personal-selling undertaken by Shell and Danlops..... | 130 |
| VIII. EXECUTION OF THE PROGRAM | 136 |
| Scheduling | 136 |
| Examination of factors affecting the schedule | 140 |
| Relation of schedule to strategy and overall objective of the company | 142 |
| APPENDIX | |
| I. Facsimile of Questionnaire used as a Guide to Interviews ... | 147 |
| II. Petrol Station Services (Courtesy) Compared | 150 |
| III. Induction Training and Revised Training Programmes for Shell Company's Salesmen | 154 |
| IV. Relationship of Rubber and Tin Prices to Car and Tyre Sales (a forecast) | 164 |
| V. Media Rates and Data. | 170 |
| BIBLIOGRAPHY | 183 |

LIST OF TABLES

| Table | Page |
|--|------|
| I. Literacy Rates in any Language | 14 |
| II. Literacy Rates in English | 15 |
| III. Distribution of Rediffusion Sets | 22 |
| IV. Subscriber Strength among all races | 22 |
| V. Distribution of Expenditure on Commercial Broadcasts by Product groups | 24 |
| VI. Levers Competitive Position in the Detergent, Bleaches and Toilet Markets | 51 |
| VII. Market Share of the various Oil Companies in Malaya | 55 |
| VIII. Distribution of Shell's supply-points (Retail and Industrial) | 57 |
| IX. Comparison of Shell's supply-points to competitors (Retail) | 58 |
| X. Breakdown of Shell's supply points | 59 |
| XI. Average expenditure of Malay, Chinese and Indian households in the Federation (all in-come groups) | 62 |
| XII. Gross Sales Soft-drinks and carbonated Beverages | 63 |
| XIII. Gross Sales of Tobacco Products | 63 |
| XIV. Gross Sales of Paints and Varnishes | 64 |
| XV. Gross Sales of Soap, Washing and Cleaning Compounds | 64 |
| XVI. Gross Sales of Vegetable Oils and Fats and other Vegetables and Animal Oils | 65 |
| XVII. Average Monthly Expenditure of Population | 66 |
| XVIII. Rothmans Advertising Expenditure (Press) | 88 |
| XIX. Rothmans Broadcasting Expenditure | 89 |
| XX. Proportionate Allocation of Advertising Expenditure by Media 1962 (Rothmans) | 91 |
| XXI. Media Used - Levers | 110 |
| XXII. Comparison of Mass Media Allocation | 114 |
| XXIII. Total Budget Expenditure | 116 |

LIST OF DIAGRAMS

| Diagram | Page |
|--|-------|
| I. Peak Radio Listening Period in Malaya | 29 |
| II. The Malaysian Cigarette Market | 48 |
| III. Total Spirits and Aromatics (Chemicals) | 54(b) |
| IV. Total White Spirits Market | 54(a) |
| V. Weekly percentages of the remembrance of advertising | 139 |
| VI. Organization Chart of Shell's sale force (Kuala Lumpur Division) | 132 |

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In all this undertaking, my debt is heavy and to all my creditors in information I give my thanks and appreciation. To the Shell Company (M) Limited and especially Messrs. Lim Ewe Hoe, Matthias Lee, Raymond Tan and Harry Taylor; to Dunlop Company (M) Ltd. and especially Ancho Tunku Ahmad and Mr. Robinson; to Rothmans Company (M) Limited and Mr. Kirby to Fraser and Neave Company (M) Limited and Mr. Lim Chong Teck; to I.C.I. (M) Limited and Mr. Markandam; and to the Marketing Division of Lever Brothers (M) Limited, for generously giving me vital information to construct the main body of the exercise.

To each of these the author expresses his sincere thanks. Appreciation is also expressed to the many other business firms mentioned in the exercise, the editors and authors of books, journals and articles from which information was extracted. Last but not the least to others who have helped in anyway to the accomplishment of this task.

Full responsibility for errors, either of commission or of omission, is of course my own.

SUMMARY

The exercise is an attempt to study and examine the promotional strategies undertaken by selected Companies catering for different types of goods. The main distinction being, between industrial and consumer goods. The companies examined and the types of goods involved are.

Consumer goods

| | |
|--------------------------------|-----------------------------------|
| Fraser and Neave (M) Ltd. | (Soft drinks) |
| Rothmans of Pall Mall (M) Ltd. | (Cigarettes) |
| Lever Brothers (M) Ltd. | (Household goods) |
| I.C.I. (M) Ltd. | (Paints) |
| Dunlops (M) Ltd. | (Automobil tyres for private use) |
| Shell (M) Ltd. | (Petrol for private consumption) |

Industrial goods

| | |
|------------------|---|
| Dunlops (M) Ltd. | (Tyres for Industrial use) |
| Shell (M) Ltd. | (Hydro Carbons and Petrol for Industrial consumption) |

A general introduction to the necessity of the promotional job is provided at the end of Chapter I.

Chapter II examines the Malayan Advertising Environment and the problems encountered in the local commercial environment. This examination is imperative, for the understanding of the promotional strategies of the various companies. The problems faced in this environment to a great extent determine the nature of the strategies undertaken by the various Companies.

Chapter III is purely an examination of the different classes of goods. This chapter is theoretical and provides the background for the comparison of different strategies for different types of goods dealt with in chapters V, VI and VII. Chapter IV to some extent is a continuation of background information to the main theme of the exercise. But in this chapter further examinations into the market characteristics of the various companies and the goods involved is made.

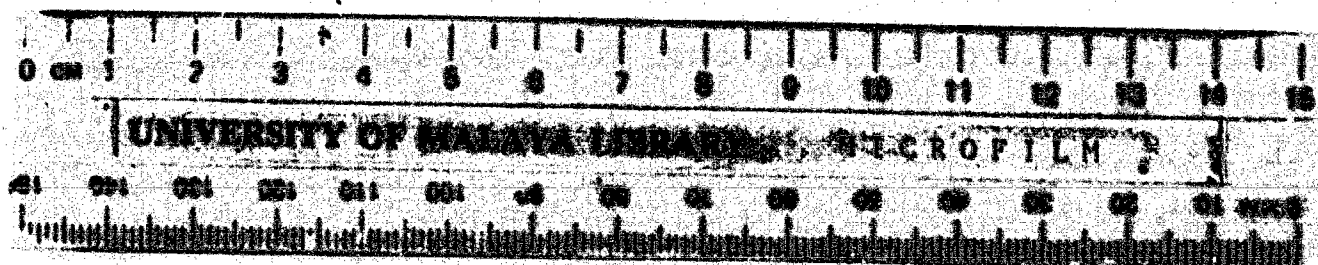
Only in Chapter V do we enter into the main theme of the exercise. Here the promotional objectives of the different companies for the different classes of goods is examined.

The nature of the Promotional Budget and the determination of its size is an important step towards a good strategy. Chapter VI deals with the methods used for the determination of this budget, and examines the nature of the Promotional Budgets of the different companies.

The strategy, the factors affecting the choice of a certain strategy, and the nature of the Promotional blend are specifically examined in Chapter VII. Chapter VIII in fact is a continuation of Chapter VII, for good programming and scheduling of the promotional campaign contributes to the effective execution of the overall promotional strategy. But it is felt that scheduling as one of the most important areas in the promotional strategy should be dealt with separately.

Irrespective of the size of the firm, often the retention of an advertising agency is regarded as essential. The account executive or the 'contactman' of the advertising agency advises the various companies on the co-ordination of the advertising strategy. This co-ordination between the various companies and their agents is acknowledged.

but no detail examination is done on the activities of the advertising agents, as the main area of decision making and choice of strategy in promotion is done by the Company. Benson (M) Ltd., is the most popular advertising agent (5 companies in the exercise utilize the services of this agent).



INTRODUCTION

Objective of Study

The object and purpose of this exercise is an examination and comparison of promotional strategies undertaken by six different companies in the way of increasing sales and thereby increasing their market-share in a Malayan environment. The main emphasis is on the administrative and decision-making aspects of each particular company and to examine why differences exist in the promotional strategies of different companies catering for different types of goods. The main comparison being made between Industrial and consumer goods. To achieve this purpose an examination is made on the decisions required on planning and controlling promotional expenditures and of allocating these expenditures through the most effective media.

Attempts are made to relate a company's strategy to

- (1) the market conditions it is facing.
- (2) It's competitors

The exercise is written from the view point of the companies involved and only factors related to the Company's promotional strategy receive emphasis.

In the course of trying to achieve these objectives, studies are made on the Companies Market position and to what extent, promotion may help to maintain this position.

Scope of Study

The scope of this study is limited mainly to the promotional aspects and problems of the Companies involved. Related topics, like management and organization structure of the Marketing divisions are

viewed briefly in some areas of the study. This study does not pretend to be an exhaustive exposition of all the aspects and problems of promotion. Important components like branding and packaging are side-stepped.

For practical reasons it has not been possible to interview all concerned with promotion in all the companies interviewed, therefore in a number of areas information is secondhand. An attempt was made to interview only the most knowledgeable in the field of promotion.

Limitation of Study

The Study is limited in the first place to the extent of the availability of material which has to come from primary sources. This in turn depends on the generosity and confidence of those interviewed on the one hand and on the fact and general ability of the writer carrying on with interviews on the other.

In the second place, any evaluation of the promotional aspects and problems of the companies concerned based on the available data is guided by the writer's limited experience and knowledge of promotion and economic and social aspects of the Malayan market.

Finally most of the figures were approximations, because of the confidential nature of the field of study. In any case the relatively short time spent on the interview (approximately 4 - 5 hours per company) was one of the biggest limitations experienced.

Specific Limitation

Limitations in the Choice of representative products, for the various classes of goods.

As mentioned in the Summary, Lever Brothers (S) Ltd.'s products are treated as household goods, Dunlops tyres for private use, and petrol for private consumption as speciality goods. These goods in countries of high-mass consumption like the United States or Canada would be treated as convenience goods. But because of the nature of the Economy and especially the level of standard of living in Malaya classifying these goods in Malaya as convenience goods would not be entirely correct. The average bread-winner in Malaya earns around RM40 or less per month. With this amount the purchase of shop or toilet preparation may involve a good deal of bargaining and price would therefore play an important role, though household goods are not a good representative of the shopping good, category, nevertheless because of conditions prevailing here they are treated so. The same too applies to petroleum. The main consumers of this product are those in the income groups from approximately RM350 and over per month, and the greater majority lie in the RM350 - RM450 group. Therefore this product is not in fact a necessity but a luxury. Furthermore, many consumers, because of a lack of information treat petrol or gasoline as a speciality good, for example, if a person uses one brand e.g. Shell, he will most likely stick to that brand because he feels that any other brand would dangerously affect the vehicle (which is a

treasure to him) therefore even if services offered in one station supplying that brand is bad, he would either go to another station supplying the same brand or ignore the bad service in the former station and get his petrol there, but would seldom change his brand.¹ The same too can be said of Dunlops tyres (which cost around \$45/- per unit-average).

The Promotion Job

Promotion is the technique of informing customers about a company's marketing mix². Every marketing institution has a promotion job. But the promotion job differs from company to company and from product to product. Actually the nature of this job depends on

- (1) the institution
- (2) the products involved
- (3) the firms objectives
- (4) what tools and funds are available.

The fundamental task of effective promotion is to communicate with others by one or more means. There are four fundamental and inter-related tasks

¹Mr. Matthias Lee, Retailer Manager Shell (M) Ltd. supports this, and goes on to prove this point ".....Although services offered at our stations are lagging behind that of Esso or Caltex we are able to maintain our customers because of this fact, and the image of the company - refer Appendix II for Petrol Station Service."

²Basic Marketing by J.E. McCarthy - Richard D. Irwin Inc. 1964 p. 639.

- (1) to get attention
- (2) to hold interest
- (3) to arouse desire
- (4) to obtain action³.

Promotion Methods

Mass Selling

Mass-selling seeks to communicate ideas or information to large numbers of customers at the same time. Obviously such a method has less flexibility than personal selling, and it is particularly suited for most consumer goods especially when the market is large and dispersed, it is also cheaper.

Advertising is the main form of mass selling. "Advertising is any paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor." Harry G. Johnson says that "advertising performs the same function in modern economic life as propaganda performs in modern political life. Both rely on the use of simplified messages addressed to groups of people through the impersonal media of mass communication, to persuade the persons so addressed to take actions desired by the advertiser"⁴. Publicity and Public Relations are other methods of mass selling.

Personal Selling

A Personal salesman must try to adapt the company's marketing mix to the needs and conditions of each little target market - which

³-P.S. Reichingsfield and A.B. Blankenship, 'Marketing' (New York: Barnes & Noble, 1957) p 149.

⁴"Basic Marketing" Ibid p. 643.

may mean, in the extreme to each potential customer. This direct face-to face relationship between seller and potential customer is very expensive if the target customers are many and scattered⁵. Therefore consumer goods company do not frequently use this method. It may be used in promoting speciality goods and to a small extent in introducing new convenience good or shopping goods. In any case a salesforce is kept by each of the Companies. Industrial goods on the other hand need a lot of personal selling for promotion as the customers are small in number and concentrated. Dunlop (S) Ltd and Shell (M) Ltd., have such a "salesforce". These are technical advisors, using economic and technical advice rather than emotion to make a sale or to maintain a customers franchise. Furthermore it can add greater flexibility to the marketing mix.

Sales Promotion

Sales promotion activities can make both personal and mass-selling more effective by co-ordinating both efforts. Sales Promotion men for example in Dunlops and Rothmans design rack-stands for their products to be displayed at retail outlets. These are responsible for the neon signs, store and retail outlet appearances and the efficient display of the products at the place of purchase. They are involved in nonrecurrent selling efforts.

The Need for a Promotional Blend.

In an Industrial Market

The most obvious reason why a blend is needed is that even though a personal salesman is almost always necessary to complete the sale, it is seldom practical for him to carry the whole promotion load. An Industrial salesman may be responsible for several hundred customers and prospects. Clearly, he does not have enough time to

get the company's whole message across to every potential customer. Mass-selling has to be used to answer questions which would prove to be a waste of time and expense if it were left to the Salesman to answer a whole multitude of questions which the customer ought to know before the salesman gets to him. Personal selling and Mass-selling therefore should be used to complement each other. Researchers conclude, that total promotion expense as a per cent of sales will be smaller as advertising assumes a larger part of a promotion blend.⁵

In a Consumer Market

It is only logical that mass-selling and sales promotion have even greater advantages when the target audience is composed of final consumers, less of Personal selling is used in the Consumer Market because it would prove too expensive and not exactly necessary. More attention will be concentrated on Mass-selling. As this market is large and dispersed.

Factors affecting the Selection of a promotional blend

Lever's may develop a promotion blend composed of ten parts advertising to one part personal selling. In contrast Dunlop's may reverse the ratio, while I.C.I. might expend four times more promotional effort on personal selling for its Paints.

The logical pattern underlying these differences is because each promotion blend is designed to accomplish the firm's marketing and overall objectives. But the particular blend selected depends on a number of factors, including:

⁵ "A.I.A. tells how advertisements cut costs of Sales".

- (1) The promotion Budget
- (2) The stage, the product has reached in its life-cycle
- (3) The target of promotion
- (4) The Nature of the product.

The Company's overall marketing strategy is the main guide, thus if the Manager chooses to follow a marketing segmentation policy, then personal selling and carefully aimed mass-selling may be needed. For brand preference recognition more advertising may be necessary.

Findings and Conclusions

The purpose of the exercise was, to examine promotional strategies of selected companies, this examination included an analysis of how far promotional practices agree with theory. The conclusions drawn below will give some idea to this effect.

It has been found that certain difficulties exist in the Malayan Advertising environment, these to some extent affect the strategy a company would like to employ. Furthermore, the market situation in which most of the big companies are involved in, is oligopolistic (especially for the selected companies dealt with in the exercise).

On market fluctuations, it can be concluded, that fluctuations in demand, especially for Industrial goods, and to some extent consumer goods follow the prices of rubber and tin (see appendix). There also exists a distinct seasonal demand for consumer goods, especially Household goods and shopping goods, during festive periods. The same can be said of soft-drinks (convenience good) although not to a similar degree. Therefore data concerning such fluctuations in demand should be utilised in programming the strategy.

Most companies are mainly concerned with two objectives in

their promotional drives, namely

- (1) An Increase in Market-share (sales)
- (2) Company image (Empire building)

The second objective is popular especially with well established companies like Shell. Younger companies like Rothmans⁶ and I.C.I. place a good degree of interest too on Company image. Consequently institutional and campaign advertising are employed.

Not all companies use a fixed method of estimating their budget (promotional). The "Percentage of Sales" method is employed by Rothmans and Fraser and Neave Co. "Shell" uses a slight variation called "cents per gallon" method. Whereas Dunlop and I.C.I. forecast their future sales and then use the "Percentage of Sales" method to estimate the budget. This is somewhat similar to the "Objective and Task" approach. Lever's differs in this respect, for she uses no set method, her budget is dependent on her products and their position in the market.

There is evidence that various factors determine the choice of a promotional strategy, the most outstanding being

- (1) The Nature of the product
- (2) The cost factor of promotion
- (3) The availability of effective media (a significant problem in the Malayan advertising environment).

For media used, the Press is the most popular (especially the "Straits Times". Screen advertising and Broadcasting are the next best,

⁶The comparison in the maturity of a Company is based on its entry into the Malayan Market.

but interestingly Dunlops does not use these media (because of the high cost involved and of the ineffectiveness of these media for their products). Most companies use from 5 - 6 media.

All the selected Companies employ personal selling (from Fraser and Neave to Shell Company). But the degree of reliance and the sophistication of utilisation of this method of promotion varies from company to company, especially between consumer and Industrial companies (depending on the nature of the good). The salesforce in most companies are employed as an advisory staff to dealers and agents (on business and technical matters) and as "contract-getters". A greater dependence on personal selling is evident in Companies catering for Industrial products, like Dunlops and Shell.

In most of the selected companies there is no evidence to show that the degree and efficiency of promotion has yet reached the American level. Many companies seem to treat promotion with a nonchalant attitude and reliance on the technique of promotion as a sales motivator is not very strong.

Effective promotion can help a great deal to improve sales but a fall in sales is not necessarily the result of inefficient or ineffective promotion. Sales may have dropped because of economic conditions in the country (e.g. fluctuation of rubber and tin prices)⁷

⁷Refer. Appendix III on the sale of tyres and cars. 1964.
(a forecast).

THE ADVERTISEMENT ENVIRONMENT IN MALAYA

As a technique for selling goods and services, advertising relies on addressing messages to groups of people through the media of mass communication. The main media employed are newspapers and magazines television, radio direct mail, outdoor advertising and point-of-sale display. The relative proportions in which these media are employed differs between countries according to differences in legal arrangements and general environment.

Malaya's advertising environment is a special one, it has problems not quite similar to most countries apart from the public criticism on advertisements and the cost of advertisements, Malaya has the problem of illiteracy which usually runs hand in hand with an under-developed country. It's existence as a plural society allows for difficulties in advertisements such as the need for a different media or type of media for a different race. Poverty and low income is another factor. The head of a household earning a meagre \$80/- a month may not be able to afford buying (wage of a labourer) the daily newspapers. In most cases he will have so heavy family commitments (like a large family to feed that he won't have enough to even go to the pictures. Because the majority of the population is poor it may not even pay to advertise. Advertised goods are relatively speaking quite expensive goods for the poor man. The cost of the advertisement is usually included in the cost of the good sold. The good may not be sold and thus the advertising campaign may not be quite a success?

Moreover the scattered population especially in the rural sectors

poses another problem. Advertising here may be very expensive, population in the urban areas may be concentrated and advertising here may be successful, but the majority of the population resides in the rural areas and if the masses are to be reached through advertisements, it is going to prove to be a terrific job, expensive and difficult especially in Malaya.

The Plural Population

By the middle of 1964 Malaya had a total population of 7,810,000 of this total 3,913,000 were Malays; 2,378,000 Chinese, 869,000 Indians and Pakistanies and 150,000 others¹.

Thus to reach the masses media in the different languages must be used. Among the literate section of the sector, the language most widely used is English and those able to speak this language are the majority of the middle-class. Therefore the medium best suited to reach this group would be the English Medium Newspapers and the paper with the widest circulation would be the Straits Times with a daily circulation of 144,564 copies. To reach the other racial groups, the Utusan Melayu would be the next best with a circulation rate of 48,492. The Chinese speaking could be reached although the Sin Chew Jit Poh and Nanyang Siang Poh with circulations of 35,500 and 85,200 respectively. The Tamil speaking could be reached through the Tamil Mesan with a circulation of 16,000².

¹Monthly Statistical Bulletin of the States of Malaya. Nov. 1964 - Population and Vital Stats.

²Refer Appendix V.

If the audio-visual or audio-media are to be used provision must also be made to advertise in the different languages. Thus we see the "racial problem" in advertising in Malaya.

It must be pointed out here that it is not necessary to advertise in all languages for every food, because of the different cultures and religions in existence. Certain habits in consumption are practised and therefore it would not be advisable to advertise in a language whose people don't consume the good. More will be dealt on in the later chapters on this aspect.

The Semantic Differential

With this plural society we would undoubtedly have different audiences (different culture, religion and race) to address to. And because different audiences may perceive the same message in different ways and interpret the same words differently, a measure of the semantic differential may be useful. Such differences are often obvious and are to be expected in a plural society³. McCarthy cites an example, General Motors "Body by Fisher" came out as "Corpse by Fisher" in Flemish⁴. This incidence or accident can happen in Malaysia, between the different languages spoken here. This might seem to be a small difference, but it is just these such subtleties which can cause the target audience to "tune out", wasting the whole promotion effort. These differences become increasingly important as the volume and competitiveness of promotion grows.

³ L. J. McCarthy. Basic Mark. p. 641.

⁴ Time Magazine Sept. 20 1963 p 93.

Literacy

The Tables below give a breakdown of the literacy rates of the total population.

TABLE I

Literacy rates in all languages (15)

| <u>Age Group</u> | <u>All Races</u> | <u>Malaya</u> | <u>Chinese</u> | <u>Indians</u> |
|-------------------------|-------------------------|----------------------|-----------------------|-----------------------|
| 10 + over | 51 | 47 | 53 | 57 |
| 15 + over | 47 | 41 | 50 | 54 |
| 10 - 14 | 71 | 75 | 65 | 73 |
| 15 - 19 | 69 | 66 | 72 | 71 |
| 20 - 29 | 58 | 52 | 62 | 63 |
| 30 - 39 | 48 | 40 | 53 | 61 |
| 40 - 49 | 39 | 31 | 44 | 44 |
| 50 - 59 | 31 | 23 | 36 | 38 |
| 60 - 69 | 24 | 17 | 29 | 31 |

From this table we see under "all Races" that the average literacy rate for all languages is approximately 50%. Thus we could only reach a maximum of 50% of the total audience through newspapers, magazines and other similar media.

Further more, we can't rely only on the English written media

*: Population census Report Malaya 1954

Report No. 14. pg 23 and pg 21

especially as they are the most efficient in the execution of advertisements, because the minority of the population are literate in this language. The table below proves this point.

TABLE II

3. Literacy rates in English (%)

| <u>Age Groups</u> | <u>All races</u> | <u>Malaya</u> | <u>Chinese</u> | <u>Indians</u> |
|-------------------|------------------|---------------|----------------|----------------|
| 10 + over | 10 | 5 | 11 | 16 |
| 15 + over | 9 | 4 | 10 | 14 |
| 10 - 14 | 14 | 8 | 17 | 30 |
| 15 - 19 | 16 | 8 | 20 | 27 |
| 20 - 29 | 11 | 5 | 14 | 18 |
| 30 - 39 | 9 | 3 | 11 | 15 |
| 40 - 49 | 7 | 3 | 7 | 9 |
| 50 - 59 | 4 | 2 | 4 | 7 |
| 60 - 69 | 2 | 1 | 2 | 5 |

Only 10% of all races are literate in English. Therefore advertisements must be well spread between the 4 languages. But emphasis can be placed on the English language media for most of those who are literate in the English language are well-to-do and able to purchase the consumer goods to be advertised. Furthermore since most of those literate in the English language, are in the urban areas and since most of the sales done are concentrated here the problem does not seem to be too gloomy. For Industrial goods, advertisements can be placed in the English medium for the customers are more often than not educated in English or have

solicitors or technical advisers.

Summary

This point no doubt is quite obvious. It is not being suggested that because a person is poor the advertisements would be unsuccessful. Most of the population or at least 40% of the population earn around \$140/- per month and this would barely cover subsistence and clothing. My point is that even how efficient the advertisement is the poor will be hard to attract to buy a consumer good that won't fit into his budget. This point can be debated.

Advertising Media Available

With this environment existing what weapons have we to combat the obstacles? Weapon one, the newspapers circulating can take care of the multi-lingual society. The "Straits Times", "Malay Mail", "Malayan Times" and "Straits Echo" cover a good majority of the English speaking population. The remainder will be reached through posters, Bill-boards etc. "The Masyang Siang Pau" and "Sin Chew Jit Poh" will be able to reach the Chinese speaking. The literate in the Malay language will be reached through the "Berita Harian" and "Utusan Melayu". Tamil Nesan will take care of those literate in the Tamil language. These major papers have a daily circulation of a total of 355,067 copies with the extra copies bought on Sunday (Sunday Times, Sunday Mail, Beritan Minggu and Utusan Zaman) the total circulation is around 370,000⁵ roughly. The average household has around 8 - 10 members⁶.

⁵Refer appendix V

⁶"Population Census" 1957 - Statistics Department.

Now if one household bought 1 copy then through the newspapers
or
2,960,000 of the total population can be reached/around 80% - 85% of
the literate group.

But advertisements through newspapers won't be sufficient to
reach the total audience. What about the illiterate? If a person can't
read or write at least he can speak. Advertisement through the Audio-
media is not absent therefore Radio Malaysia and Rediffusion should be
able to help. In any case a good amount of the total audience will
still be left out.

Bill-boards, display Store Signs with brands giving the
Company's image placed in strategic places and areas of population
concentration, should try to reach the remainder. Advertisements and Bill-
boards placed in strategic points to capture the illiterate poor should
at all costs be educative in itself, there should not be too much
titles to distract the audience. The picture or design ought to be
enough to convey to the audience that the product advertised is what they
need.

To supplement these media, there are the local magazines,
like the Movie News, Her World, 'Mastilee', Radio Weekly etc. But in
most cases these magazines are bought by subscribers of the newspapers
mentioned earlier on. the problem of reaching the total audience is still
unsolved. But this problem will remain in the advertisement environment
until Malaya has solved its poverty problems and is able to enter an
age of "High class-consumption"

Local Media for advertisements in Malaya

Three media will be briefly examined in the following sections -

Press, Radio/Rediffusion and the Screen.

Press

This medium includes both newspapers and other casual publication.

Newspapers

Newspapers are obviously an important medium for most advertisers. There are, in Singapore and Malaya, about 27 daily English and vernacular language newspapers including their Sunday editions, with a total combined circulation of more than 694,070.

Of these, seven are in the English language, 10 in Chinese and five in Malay and Indian. The English and Chinese editions have the highest total audited circulation - 338,392 and 223,356 respectively. Fifteen of the daily newspapers are "national" distributed and produced in specific towns or areas⁷.

Newspaper readership per copy is estimated at 3 - 4 readers per newspaper. It is believed that pass-on readership of Malay, Indian and Chinese newspapers is higher than that of English language newspapers.

Other Publications

In addition to newspapers, there are 143 periodicals and magazines published weekly, monthly, quarterly or yearly, with a total audited or claimed circulation of over 1,207,000. 109 of these publications are in the English language. The subjects covered range from sport entertainment, gardening and tourism to more specialized trade and technical subjects, engineering, science and education.

⁷"Press advertising Year Book" 1963.

The Rate Card

All newspapers and other publications produce a rate card detailing the cost of 'display' advertising. Besides the basic or "flat" rate, loadings for special or preferred positions and series discounts for frequency, space or long term contracts are often included.

Charges for newspapers are quoted on cost-per-thousand per-column inch⁸. Chinese newspapers charge on a square inch basis, the cost being cost-per-depth - column one inch.

The Advantages of Press advertising

Some of the claimed advantages of Press advertising are briefly summarized under the following headings⁹.

Coverage/Cost

Press advertising is the most economical means of reaching the mass-market. One of the greatest advantages of advertising in the Press is the intensive coverage offered to the advertiser.

Purchasing Power

Newspaper readers are literate most of whom are in the higher income groups. Further, newspapers are read by a more sophisticated urban community. It is claimed that 94% of the Straits/Sunday Times circulation are concentrated in seven Federation States¹⁰ and Singapore where 81% of Malaya's literate population and 92% of Malaya's English

⁸Refer to Appendix V.

⁹Summarized from "Press Advertising Year Book" 1961/62 pp. 3 - 4 and from "Press Advertising Year Book" 1963 pp 3 - 4.

¹⁰Johore, Malacca, Negri Sembilan, Penang, Perak, Selangor, Province Wellesley.

literate population live¹¹.

Selective Market

In a multi-racial market, Press advertising is especially advantageous for reaching defined racial groups through newspapers and magazines.

Flexibility, Timing and Permanency

The flexibility of insertion can be achieved within a fixed budget (small or large space, colours etc). The facility of timing answers bookings at short notices to coincide with tropical events. The permanency of Press display offers a detailed scrutiny especially for consumer durables where package or product recognition is essential.

However excellent an advertising medium is, there cannot fail to be a certain amount of waste in advertising appeal. Not every newspaper reader is likely to read a particular advertisement or be a prospective purchaser. Yet in buying space the advertiser pays for total circulation.¹² A specialized publication reduces (but by no means eliminates) this waste, as it is directed to a particular section rather than the general population.

Waste circulation is however difficult to define. Often other members of the family besides the purchaser has a say in purchasing¹³.

¹¹The percentage of total English literate to total population is however only 11.7% to total literate population 22.9%.

¹²Automobile advertisers seeking a selected audience (of high purchasing power) are unable to find any medium or continuation of media that reaches the entire group without enormous waste. The waste involved in using a general medium (newspapers) that does reach the selected audience has to be accepted.

¹³Automobile firms have paid due recognition to the influence of women in purchasing cars by spending a total of \$2,000 (1962) in advertising in a local women's magazine - "Her World".

Audio Media

Audio Media advertising is within the hands of Radio Malaysia and Rediffusion Commercial broadcasting started only recently (3 - 4 years back) in Radio Malaysia.

Radio

Recent statistics show that there are more than 140,000 licensed radio listeners in Singapore and 305,000 in Malaya or 445,000 in Pen Malaya. Based on a listenership of 5 persons per set, radio reaches more than 2,512,480 listeners or 28% of the population, through its multilingual networks.

Rediffusion

Rediffusion is operated in Singapore, Kuala Lumpur, Ipoh and Penang. There are over 52,479 subscribers in Singapore 18,103¹⁴ of these 90,506, 15,924 and 7,646 respectively are Chinese subscribers. The claimed potential listenership is 10 per set. Rediffusion is claimed to be especially effective as an advertising medium in reaching the Chinese Market particularly in congested urban areas. The greater proportion of its broadcasts is in Chinese, through its "gold" and "silver" network. In addition, English and Malay programmes are broadcast over its silver network. Statistics show a high concentration of sets in shops, restaurants, hotels and factories. Refer to tables 3 + 4 and 3.5

¹⁴ Refer to Appendix V.

TABLE III**Distribution of Sale (%)**

| | |
|------------------------------|-------------|
| Homes | 61.5 |
| Shops | 27 |
| Coffee Shops and restaurants | 6 |
| Hotels | 2 |
| Hospitals | 0.7 |
| Factories | <u>0.3</u> |
| | <u>100%</u> |

TABLE IV**Subscriber Strength among all Races and Classes (%)**

| | |
|---------------|-------------|
| Hakkien | 44% |
| Cantonese | 20 |
| Others | <u>12</u> |
| Total Chinese | 80% |
| Europeans | 6 |
| Indians | 5.5 |
| Malays | 4.0 |
| Others | <u>4.5</u> |
| | <u>100%</u> |

Rates/Costs

Each station or network has a schedule of available time for advertising and for sponsored programmes, spots announcements etc. Rates

* Refer to Appendix V.

for production charges and air-time vary depending on the programmes, and the demand for the time. Air time rates vary from \$90/- per hour programme during peak listening times to \$6/- per 5 seconds for a spot/jungle during non-peak listening hours over Redifusion Chinese networks. Rates charged for the English, Indian and Malay programmes are cheaper (e.g. 1 hour programme. English \$80/- Malay and Indian \$55/-; 5 second spots. English \$4/- Malaya and Indian \$3/-)¹⁵.

Some of the claimed advantages of commercial broadcasting are outlined briefly¹⁶.

The lower costs of spots/jungles enable the advertiser to buy sufficient number of spots to carry out a saturation campaign.

The selection of programmes and time of broadcasts helps to channel the advertiser's commercial to the most logical prospects - housewives, sports, fans etc. Choice of peak times (at higher costs) answers larger audiences. See Chart - "Peak Radio Listening Periods in Malaya."

The spoken word is especially advantageous as the average person is normally suggestible to them. Listening to a tuned-in station is an automatic process unless the listener is attending to mental work. Contrary to popular impressions one does not "turn off" one's

¹⁵ The current basic facts on production facilities available in Malaya and Singapore for commercials produced to the standards required by the various broadcasting systems, are given in production units in Malaya and Singapore, Service Bulletin, prepared by the Malayan Advertisers Association and the Association of Accredited Advertising Agents of Malaya.

¹⁶ "Advertising Campaigns of Firms in Four Selected Industries" by Judy Chia pp 81-82.

Radio is an especially effective medium for mass consumption products that are bought frequently and usually by brand recognition - cigarettes (Rothmans), household goods (soaps, detergents, food products - Lavers)

TABLE V

Distribution of Expenditures on Commercial Broadcasts
by Product group March, 1961.

| <u>Product</u> | <u>Total Expenditure</u> | <u>% of Broadcasting Revenue</u> (approximate) |
|---|--------------------------|---|
| Household goods (Lavers) (Soap - detergents) | 80,000 | 14% |
| Cigarettes (Rothmans) | 70,000 | 12% |
| Petroleum (Shell) | 55,000 | 9% |
| Soft Drinks (F. & N.) | 31,255 | 5% |
| Milk food (Lavers) | 25,000 | 4% |

* Percentages are based on gross rates. No allowance are made for agency/frequency discounts.

17 According to Horace S. Schewerlin's "Law of Extremes", a commercial will be highly remembered and will be apt to produce maximum sales response if the immediate momentary listener's response is on intense like or dislike. The chief sin apparently is having commercials that merely cause listeners to "tune-off" mentally - Refer Hetchkins G.B. pp 45/47. An advantageous memory aiding, device in this connection is the "singing commercial" (jungle). Advertisers are quite willing that listeners should be irritated by frequent "jungles" provided they remember the message

The breakdowns of total broadcasting revenue are as follows

| | |
|--|-------|
| Radio Malaysia (Singapore) | 40% |
| Radio Malaysia (Kuala Lumpur) | 30% |
| Rediffusion (Singapore, Kuala Lumpur Penang and Ipoh) ¹⁸ | 30% |
| | <hr/> |
| | 100% |
| | <hr/> |

Audio-Visual Media

Television as a competitive medium

Television as an advertising medium already exists in Singapore it is expected to make its entry into the Malayan advertising environment in the near future. As an advertising medium it obviously competes with all other media for a share of the advertisers dollar. To a large extent, its competition may affect radio more directly in terms of listenership audience. There is no doubt that the introduction of the Television set into the home will materially reduce the number of people who will listen to radios.

Television has its advantage over the radio where visual identification is an important factor in consumer buying its chief disadvantage for local advertisers will probably be a higher cost of production involved in advertising (firm production costs etc. and

*

These percentages are only estimates.

¹⁸ Refer to appendix V.

the limited coverage¹⁹.

Audio-Visual Media

XXXXXX

Two major cinema circuits, Cathay Organisation and Shaw Brothers (Pearl and Dean)²⁰ together with an independent circuit (consisting of several independent cinemas) provide screen advertising facilities in Malaya and Singapore. Altogether there are more than 400 cinemas in this region showing English, Chinese, Indian and Malay films. In addition there are about 14 independent mobile cinema operators which also provide screen advertising facilities, mainly in rural areas²¹.

The weekly attendance of each individual cinema varies - from 991 (New Globe, Kota Tinggi) to 29,482 for a larger urban cinema (Capital Theatre - Kuala Lumpur). About 285 cinemas have published average weekly attendance figures, claimed or certified. Average weekly attendance for these cinemas total nearly 1,871,843.

¹⁹A compensating factor is the high and selective income groups to whom the advertiser can appeal to. It is interesting to note in this regard that 2 automobile firms have advertised over television Singapore and to reduced advertising expenditures in the screen and Press. Screen and Press advertising would duplicate Television advertising; the former visual presentation and appeal and the latter in terms of income groups (mainly the English literate population).

²⁰All screen advertising through Shaw theatres are handled by Pearl and Dean (Asia) Ltd - ref "Appendix V".

²¹For an interesting analysis of Mobile cinemas, see J.T.A. Rohan, "Appraisal of Mobile Cinemas in Singapore and Malaya" Service Bulletin. Malayan Advertisers Association.

1. Screen advertising by providing both audio and visual advantages over comes many difficulties present in a cosmopolitan market.

Three factors in screen advertising, colours, sound and movement play a leading role in sales motivation. Colour provides pack recognition especially essential in an unsophisticated country; sound is an undisputed aid in territories where a high percentage of illiteracy prevails; and lastly the factor of movement provides advantage of demonstration of the advertised product. To sum up - "Race, language, illiteracy are no barriers if there is an understanding of what is presented on the screen.

2. Screen advertising sells to a generally more relaxed and receptive audience. This, to an extent answers communication of the firm's selling message to the public²³.

3. The main advantage is that there is no waste coverage of areas where the merchandise is not on sale. The cinema pin-points the campaign to where it can be most economically effective.

Further the advertiser has the added advantage of knowing in advance the approximate number, who will see the screen advertising.

Advertising Rates and Production Costs/Facilities

Advertising rates for the Cinemas of the two major circuits as well as a few independent cinemas are based on certified average weekly attendances. The majority of independent cinemas do not follow this procedure although attendance figures are required for calculating

²²Screen Advertising Year Book 1963

²³It does not necessarily follow that the advertisers messages are well received. The public is there and the mood is there, but if the messages are not well presented, the impact of the advertisement is lost.

entertainment duty.

Filmlet advertising rates, based on certified average weekly admissions, are calculated generally at one cent per cinema goer per minute; that is for a theatre at which the average weekly attendance is 26,131 the rate for a two minute film is \$296 (Cathay Organisation²⁴)

Seven film production units²⁵ in Malaya and Singapore offer production facilities for advertising films - (live action or cartoon).

Although screen advertising is generally effective, the limiting factor is the high production costs of advertising films²⁶.

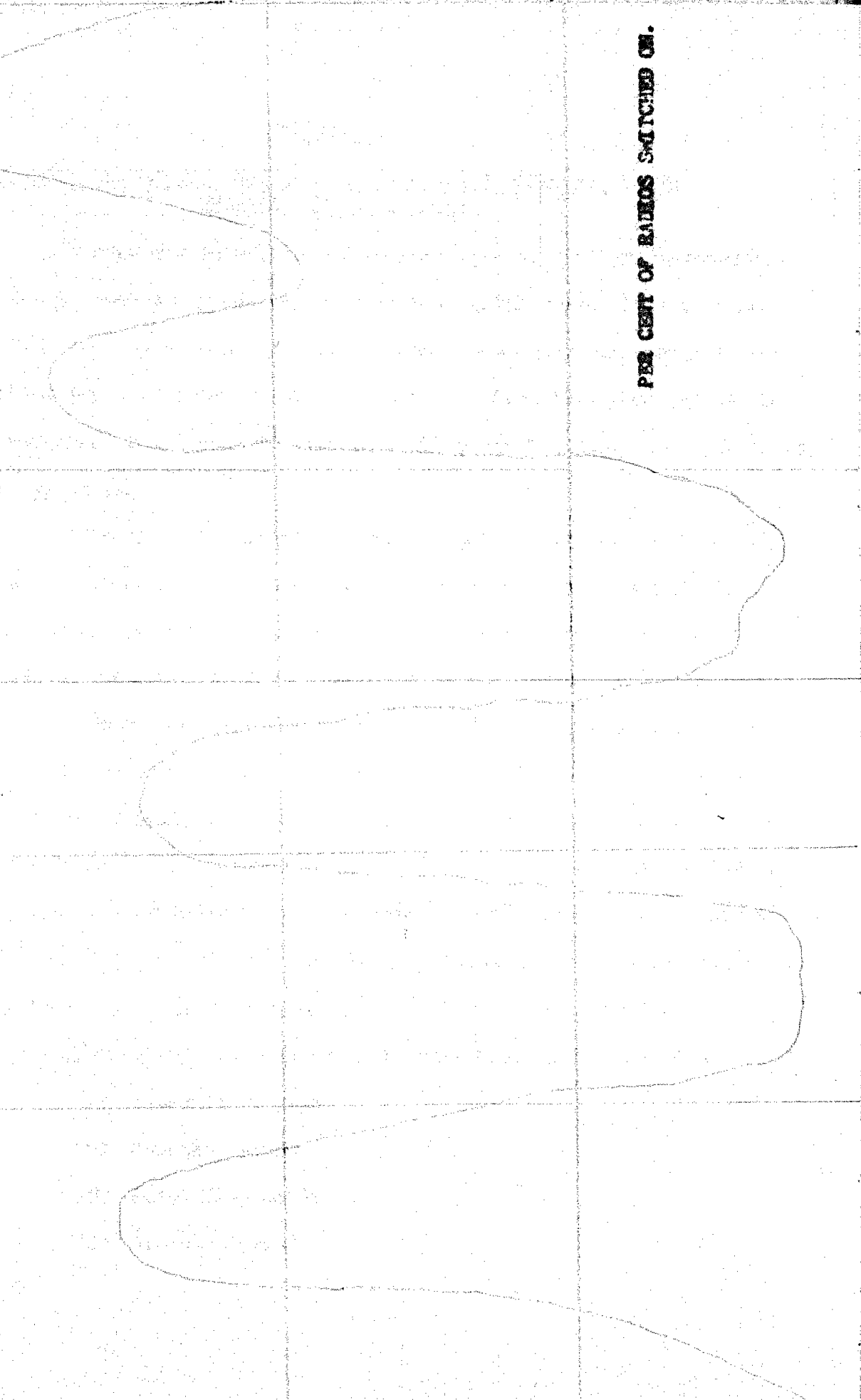
A national coverage of the market can only be achieved by advertising in a network of cinemas through-out the Pan-Malayan area. This obviously increases the costs of advertising through screen. Also, as in other local media, extra costs of additional sound tracks and different language dialect versions are required.

²⁴Refer to Appendix V.

²⁵"Film production Units in Malaya and Singapore", Service Bulletin.

²⁶The basic production cost for a 90 feet (60 sec.) filmlet (cartoon) is \$8,000. In addition, an extra language version costs \$935/- Pearl and Dean (Asia) Ltd., Singapore

EARLY MORNING
 MID-MORNING
 AFTERNOON
 P.M.
 5.30 - 9.00
 9.00 - 12.00
 12.00 - 2.00
 2.00 - 4.30
 4.30 - 10.00
 10.00 - 11.00



PER CENT OF RADIOS SWITCHED ON.

TYPES OF GOODS, CONSUMER AND INDUSTRIAL GOODS AND THEIR RELATED BUYING BEHAVIOUR

There are many kinds of consumer goods, some products usually considered consumer goods may also be industrial goods since they are destined for use by intermediate customers. Consumer goods or services destined for the ultimate consumer in such a form that they may be used in producing other goods or services. All goods fit into either of these two categories.

The type of customer buying the good determines whether it should be classified as a consumer or industrial good although the same physical product may be involved, an entirely different marketing mix may be required, depending upon the type of buyer and intended use.

These two large categories - industrial and consumer goods - may be further broken down. For example the method used for consumer goods is to classify the type of consumer good based on the way people buy the product. The purpose of the marketing process is the satisfaction of consumers. It follows that, to develop and market products effectively, we must know how they feel about these products and especially their basis of choice. The Classification System is therefore based upon the consumer behaviour. The system separates goods into four categories

- (1) Convenience goods
- (2) Shopping goods
- (3) Speciality goods
- (4) Unsought goods

The general characteristics of these 4 types of goods are summarized below.

Convenience goods - are those goods which customers wish to purchase immediately and with minimum effort, or those goods for which the probable gain from making price and quality comparisons is thought to be small relative to the value of customers time and effort. For the exercise Cigarettes Rothman and refreshments (Fraser and Neave) will be used as representative of Convenience goods.

Shopping goods - as the name implies, are those goods for which customers actually do shop. That is, they compare price and quality of various brands. They may read about performance, search newspaper advertisements, and even go to several stores. In short, they feel that the gain from making these comparisons is worth their time and effort. I.C.I. paints for domestic use and Lever Brothers food products will represent this category of consumer goods.

Speciality goods - are those which customers characteristically insist upon and for which they are willing to make a special effort. For this category of consumer goods Dunlop tyres and Shell auto-gasoline will be used.

It must be noted here that gasoline for automobiles is not a good representative for this category. Most consumers of this product behave in a somewhat "one brand" consistent manner and appears to be speciality good behaviour. But McCarthy seems to think that gasoline producers would be better advised to consider it a convenience good rather than a speciality goods. I believe that Malayan market treats gasoline as a speciality good, for they feel that their brand does offer special qualities and often take great pains to purchase the special brand they want.

Industrial Goods

While a consumer goods classification system is useful for developing effective marketing mixes an industrial goods classification is even more valuable. In the family, even allowing for the growing importance of husbands and children, the wife is the prime buyer; she buys all types of goods.

But in an industrial plant, there are a number of buying influences depending mostly on the product but partly on the company involved. While most purchases are made by a purchasing agent, the major influence may be exerted by the office manager, plant foreman, or the executive group.

Over the years industrial firms have developed a national system of buying. This is reflected in the goods classification system, discussed later.

Basically the motives behind the purchase of Industrial goods are economic rather than emotional.

Derived Demand

The outstanding characteristic of the industrial goods market is derived demand - the demand for industrial goods is derived from the demand for consumer goods. There would be little need for fertilizer if there were no demand for food products. The relationship between tyres and automobile is direct and fairly obvious. As long as business is good and markets are growing, the fact that demand is derived does not seem very important. But it becomes apparent in the extreme when final consumers preferences are shifting rapidly or in times of recession when even the most efficient and aggressive companies cannot obtain business because

their customers do not have business. At such times, even a seemingly good marketing mix aimed at intermediate customers may not be very effective unless it has some impact on future consumers¹.

In the last analysis, all activity in industrial goods markets is dependant upon demand at the final consumer level. If final consumers suddenly start buying one producer's product, a chain reaction can be set-off. Thus we see that even in industrial goods much attention must be given to promotion at the final consumer level too. The importance of promotion here is not as important as consumer products. But needless to say, it is a necessity.

Buyer's interest in Price depends on the Nature of the product

If buyers think of competing products as essentially homogeneous, they are primarily interested in price. And if there are many sellers, then we may have close to a pure competition situation. Much less emphasis is put on price in case of heterogeneous products, on the other hand. The sellers have successfully differentiated their products and buyers are more interested in the product differences than in price. We will see that this difference in attitude affects the selection of marketing mixes and therefore affects promotion.

Economic Evaluation Important

Industrial buying is generally less emotional than consumer buying. An industrial goods buyer usually knows precisely what he needs; in fact, this may have been specified by the research or production department of his company. If there are many sources for such a product - i.e.

¹"Fundamental Differences between Industrial and Consumer Marketing". Journal of Marketing, October 1954 p 153.

competing products are homogeneous primary emphasis may be placed on price, dependable quality and delivery.

When competing products are heterogeneous, however, more negotiation may be necessary. The multiple - buying influences may become important, and there may be greater opportunity for emotional motives to figure in the buying decision.

Industrial Goods Classification

Industrial goods buyers do relatively little shopping as compared with consumer goods buyers. The accepted practice is for the seller to come to the buyer.

A BRIEF STUDY OF THE CONSUMER AND INDUSTRIAL GOODS AND THE DIFFERENT PROMOTIONAL STRATEGIES ARE IMPERATIVE FOR EACH CLASS

We have to see from the very beginning that there exist important differences between all products so important, that these differences however small may need an entirely different marketing mix. In just the same way these differences have dictated the need for different promotional strategies to sell the product. Only with a thorough examination of the products will we see these differences.

Convenience goods

Are these goods for which the probable gain from making price and quality comparisons is thought to be small relative to the value of the customers time and effort. Usually considered as convenience goods are items such as cigarettes (Kettmans), magazines, candy, refreshments (Crocker and House) etc. These products are frequently and readily purchased, require little service or selling, are not very expensive, and may even be bought by habit. Right here we see that sales promotion is not at all very necessary and that little of Personal selling is required. It is not being

suggested that "also promotion and personal selling won't be used at all, but that more reliance will be given to Mass-selling or advertisements. For in this case the audience is so large that only a media that will be able to reach the masses all at once is most important.

Typically, the customer is not willing to put very much time or effort into the purchase of convenience goods. The classic cigarette slogan, "I'd walk a mile for a camel", tried to imply that camels were not a convenience good, but it is doubtful that any consumers think of their own cigarette brand in this light. Therefore as the product has to be supplied to as many supply-points as possible (retail outlets) having a salesman at every-point would be very expensive when all we require is a bill-board on the main Street with a few posters at important supply points.

In promoting a convenience goods product, the company should try to satisfy what the customer has come to expect.

Shopping goods

Are those goods for which the proceeds from making price and quality comparisons is thought to be large relative to the time and effort needed to shop properly for these goods. When a substantial group of customers find it worth while to shop around for a particular product, then we are dealing with a shopping good.

The Malaysian economy has not reached the Age of high-mass consumption and neither is it an affluent society and if goods like butter, coffee and even other good items can be considered as shopping goods in U.S.A., the Margarine, edibles, detergents and toilet preparations can be

considered as shopping goods for an economy of a lower standard of living than the United States. Furthermore the thriftiness of the Asian especially the Chinese would further substantiate the point.

For these goods the prices set and the "buying atmosphere" or "services rendered at the point of purchase are important. These two go hand in hand. So much so that some retailers refuse to give prices for such products by telephone because they feel they are selling more than the physical product - that is they want to be able to tell the customer in person about the services they are offering. But if customers are convinced the products are truly homogeneous (e.g. a Levers product and some other imported good of another Company) then price becomes the only thing to compare³.

For these goods branding is important and so is the package. For in most cases both of these reflect the quality of the product.

Speciality Goods

Speciality goods are those consumer goods on which a significant group of buyers characteristically insist and for which they are willing to make a special effort. The special effort the customer expends is not to compare the product with others, but merely to locate it. Searching in the shopping goods sense does not take place.

Speciality goods are usually specific products which have passed the brand preference stage and reached the brand insistence stage. Branding is very important here.

The demand for speciality goods will be relatively in elastic.

at least within reasonable price ranges, since target customers are willing to insist upon the product, promotion for these products, would involve quality control and good sales promotion like good and efficient services provided at supply points. Reliance on advertisements is not as heavy as that for convenience or shopping goods, advertisement objectives would mainly be to attract new customers or to give old and loyal customers a sense of pride.

The exercise won't deal with unsought goods because of the difficulty of getting information for such goods.

Industrial goods

As mentioned earlier on, raw materials, and component parts and materials will be used as representative of industrial goods.

Raw materials

Raw materials are those products which have undergone no more processing than is required for convenience, protection, or economy in storage, transportation or handling⁴.

The product used for the exercise petroleum falls under the natural product category.

In general the total supply of natural products is limited by nature and cannot be expanded readily. But the supply mined in any one year is expandable. Most of these products are bulky and pose transportation problems. Storage is also important for our product petroleum.

⁴"Report of the Definitions Committee", Journal of Marketing, October 1945 p 213.

Buyers of natural products usually need specific grades, together with dependable sources of supply which assure continued production in their own plants. For these reasons, large buyers often seek to buy or at least control their sources of supply. Therefore we see that relationship and economic motives like quality and price are important strategies.

We thus see that personal selling and a good, efficient sales force able to tackle technical questions is extremely important. Because customers are few and scattered, mass-advertising is not so important and in fact, the important promotional blend would be a heavy emphasis on personal selling.

Component Parts and Materials

Component parts and materials like raw materials - become a part of the finished product. Both are treated as expense items and have somewhat similar characteristics. These, however undergo more processing than is required for raw materials. Tires for automobiles, tractors and heavy vehicles for construction, manufactured by Dunlop Limited, Malaysia will represent this industrial product category.

Subsidiary Buying Influence

Component parts are likely to be custom-made. Much negotiation may be necessary between the technical or engineering staffs of both buyer and seller to arrive at the proper specifications. If the price of the item is very high or if it is an extremely important component of the final product, top-level executives may become involved, as is the case with raw materials.

Component materials are more likely to be produced to accepted standards or specifications. In this situation, research or production

people in the buying firm may specify quality and then the purchasing agent will do the actual buying.

As with other types of industrial goods, buying motives are basically economic and concern price, quality, availability and suitability. The assurance of availability and prompt delivery may be important, since it would reduce inventory investment and the risk of damage and obsolescence of goods in stock, especially for standard parts and materials.

Since components are incorporated in the firm's own product, suitability for use and potential performance are extremely important, too. These factors may be less important for component parts, however, if they are well branded. Then the blame for a defective product - such as a tyre - will fall upon the original manufacturer rather than the assembler. A buyer may be willing to pay a premium for such an implied guarantee.

This point surely shows the need for increased efficiency and guarantees as effective promotional weapons. Being the emotional or creative instinct of customers in this case won't work. Emphasis has to be on economic motives, effectiveness, efficiency, quality, price etc. Therefore the need for a highly efficient technical advisory sales force is important.

CHAPTER IV

THE MALAYAN MARKET CHARACTERISTICS FOR THE GOODS INVOLVED

The Behaviour of the Consumers

the people buy products (Consumer goods) - and how promotional devices should be geared towards these drives of consumption.

Emotional Motives

Consumption motives or drives are responses to needs. The important thing in marketing and in devising a good promotional strategy is to know that consumers have needs to be satisfied - and motives will explain why they satisfy them the way they do.

Motives can be arbitrarily classified as "emotional" and "economic". Emotional motives are predominant especially in consumer goods buying practices. Therefore promotional strategist of Levers Motormans, Dunlops, Proctors and Moore and I.C.I. analysed these motives to satisfy the consumers psychological needs in their advertisements.

For example some of these emotional needs satisfied in advertisements seem seem to satisfy certain emotional needs.

Satisfaction of the five senses - touch, taste, sight, smell and hearing seems to be one of the most important motives. For example "Motormans" in some of its advertisements try to satisfy the audience this way "Motormans True King Size Flavour" Levers advertises O.M.O. (detergent) with a jingle often seen and heard "O.M.O. fragrantly clean". I.C.I. emphasises the satisfaction of sight "I.C.I. paints stay brighter and longer"

An appeal to self preservation, or to the protection of one's family and friends may be emphasised here. Dunlop sees this fear and has

an advertisement running "Latest, Greatest, Safest Tread miles and miles and miles ahead with Dunlop C49" car tyres.

Other examples can be picked by the dozen to show that Company's see this emotional characteristic in the buying habits of consumer goods like the drives for Rest and Recreation, Pride, Expression of artistic taste, sensibility, Striving, Preservation of Species and Curiosity.

Economic Motives

In contrast to the emotional motives, economic motives are primarily concerned with making most effective use of the customers scarce resources. A product which is easier to use or which will last longer, at lower cost, clearly accomplishes this purpose. These motives require less elaboration.

Industrial Goods emphasize more on these motives than the emotional motives. I would not say that no attention is given to the emotional motives. "Times" cites that emotional motives are making bigger inroads into Industrial advertisements, note for example type - writers are coming in different colours to make the office look brighter and please the boss, Tractors are painted in varied colours from yellow to red (Ford and Ferguson and Earth removers) in any case Industrial advertisements still emphasize more on Economic motives like Efficiency, Dependability, Durability, Enhancement of productivity and earnings, Reliability of auxiliary service and Economy of purchase or use. Dunlop tries to satisfy its industrial consumer's economic motives through advertisements like "For everything on wheels a tyre by Dunlop - from cycles to trucks tractors and giant earth movers", "Greater Mileage - lower cost - Best Value". "Tyres that never lose their grip - by Dunlop".

More quantitative or specific appeals can be made to such subtle or descriptive appeals designed to appeal to emotional motives. In the case of economic motives, specific dollar savings, differences in weight, length of life, and other such measurable factors.

Where Consumers buy and why? is not so much the problem of the Advertising Manager. The Company sees this problem and therefore it has the Sales Promotion department to tackle this problem - to see that retail outlets charge fair prices, are courteous to the customers and have ideal shopping conditions in their stores. All of this is done to procure the customers patronage. Friendliness convenience are maintained to satisfy the Psychological needs. It must be pointed out that this part of the Promotional job is the Retailers business and not the Company's concern, but the company can advise or insist on certain conditions being carried out.

INDUSTRIAL CUSTOMERS

Probably the most striking fact about the industrial market is the small number of buyers compared with the final consumer market. In addition to concentration by size, industrial markets are characterized by concentration in particular areas, for example, the industrial concentrations in Petaling Jaya or in the Jurong Industrial area in Singapore.

The size of many manufacturing establishments has made the buying function extremely important. Many have developed buying specialists, purchasing agents and seek to improve the effectiveness and status of professional buyers. This is the kind of buyer, then, that faces those who wish to sell in the industrial market.

Buying Habits and Positions of Industrial Buyers

The industrial buyer, or purchasing agent, is usually the man all salesman must see first "Shell" for instance has a policy that all salesman must go through the purchasing department before contacting any other employees¹. The buyer holds an important position and often is prejudiced against salesman who attempt to bypass him.

These buyers expect precise and accurate information which will help them buy wisely - they do not want to be "sold". They are very appreciative of salesman who attempt to help them buy as efficiently as possible. They like information on new products, new services, more efficient ways of using existing products, and tips on potential price changes, strikes, and other changes in business conditions. Most industrial buyers are serious, well-educated men, and salesman should treat them accordingly.

Basic Purchasing Motives of Industrial Buyers

Industrial buyers are usually less emotional in their buying habits than final consumers. The basic objectives or motives of their purchasing can be stated as follows:-

1. To maintain continuity of supply to support the manufacturing.
2. To do so with a minimum investment in materials and inventory consistent with safety and economic advantage.
3. To avoid duplication, waste and obsolescence of materials.
4. To maintain standards of quality and materials based on suitability for use.

¹Interview with Mr. Matthias Lee of Shell (M) Ltd. Retailer Manager.

5. To procure materials at the lowest cost consistent with the quality and service required.
6. To maintain the company's competitive position in its industry and to conserve its profit position, where material costs are concerned².

Specifically, buyers tend to look for certain product characteristics, economy, both in original cost and in use; productivity; uniformity; priority; and ability to insure salability of the buyers final product. In addition to the product characteristic buyers consider the reliability of the seller, his general co-operativeness, his ability to provide quick repair service, past and present relationships, continuous supply under all conditions, and certain fast delivery. Sometimes the many factors to be considered on a specific product are gathered into a checklist through the co-operation of various industry members.

Emotional Motives

Industrial purchasing has some emotional overtones, however to the purchasing agent's basic motives ought to be added another one to protect his own position in the company. Most buyers, like people everywhere, seek to increase their chances for promotion without taking too many risks. And they, more than many executives, have to make decisions involving many uncontrollable factors. The quality of the product will reflect on his ability. Therefore any product or service which assures the buyer that he will "look good" has a definite appeal.

Thus we see that it is not very easy to satisfy the buyers

²Stuart F. Henrity, "Purchasing Principles and Application (2nd ed; Prentice Hall Inc. New Jersey 1977)"

motives, for in large companies buying may be quite complex, with various people handling different purchases or exerting influence on final decisions. Reciprocity may be an important factor, too, especially in certain industries. Finally there remains the human element - the personality of the purchasing agent, his need to succeed and his desire for good relationships with his suppliers. The successful salesman will not overlook this last factor.

Market Characteristics (Malaya)

The Cigarette Market

The potential market for cigarettes is easy to define - all adults over 15 years of age. The actual smoking population is estimated at more than 2,169,000³ on a Pan Malayan basis. Cigarette smokers are everywhere, and at all income levels, although the actual incidence of regular smoking for lower income groups may be somewhat lower. In view of the numerous brands catering for a limited market, competition among brands is extremely keen⁴. The volume of cigarette sales can only be increased in the short run by a similar loss for competitors.

³The estimate has been made by the sales personnel of a leading cigarette firm. The total filter market is reckoned to be only 4% of the total cigarette market.

⁴Obviously not all cigarette brands compete with each other. Competition among brands is most likely to occur when brands are physically similar (e.g. Rothmans King-size and Benson and Hedges), in the same price range and in the same physical category. Competing brands need not be identical, often packaging designs and psychological differences and satisfactions etc exist while Rothmans King-size and State Emerson Filter King are competing brands, Cravena No. 1 and Lucky Strike are obviously non-competing brands.

Cigarette advertising is directed mainly to persuading would-be smokers to smoke the firm's brand. In considering the former class, it is quite apparent that there will be a 'hard core' of present conservative smokers who remain loyal to a particular brand through sheer force of habit, through preference for the 'quality', or for other reasons. Present smoking patterns cannot be broken by a single assault but by fortified or repeated suggestions. Intensive or frequent advertising in such a keenly competitive market seems to be the only answer. A small advertising expenditure may at times be a mere waste.

The Malayan Cigarette Market

Malaya and Singapore are slowly following the world wide trend towards filter cigarettes up till 1950 Malaya showed little evidence of this trend existing. The Company concludes that there is excellent potential in the Malayan and Singapore markets for King-size cigarettes. Since 1953 Rothmans King-size has been throughout the world the largest selling King-size Virginia cigarette. The objective of Rothmans Malaysia is to make its brand the largest selling of its type in Malaysia.

Here in Malaya, filter smoking is still in its infancy but there are signs that the trend is beginning to follow that of other countries. It is especially so in the case of menthol cigarettes with filter tips, sales of which have risen from about 7% in 1951 to about 20% in 1955⁵. The Malaysian Cigarette market is growing at a biennial rate of 15% and is still continuing over this same period, however, production in Malaya and Singapore has increased from about 20% to over 60% while the quantity of imported cigarettes has declined consistently in favour of locally manufactured cigarettes. Notwithstanding this general trend, the

Import of Rothmans brands into Malaya and Singapore has increased as shown in the following graph⁶ assumptions for projection of cigarette market

- (1) Population increase will continue to be around 3 - 3½% up till 1970.
- (2) That the trend of locally manufactured market cigarettes follows the same pattern as the past years.

Soft Drinks Market

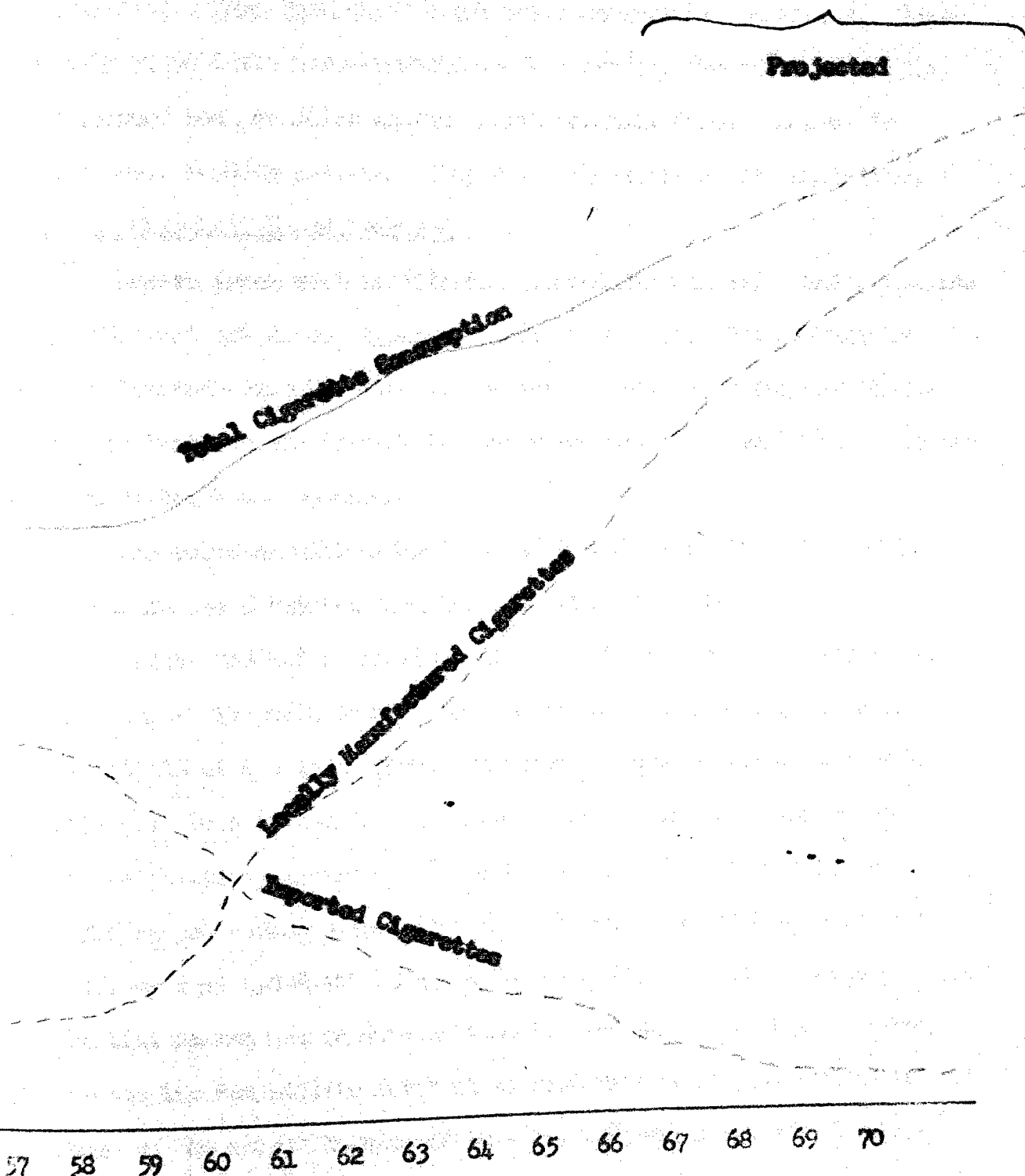
There are a total of 95 soft drinks manufacturers in Singapore and Malaya. Five of these firms using highly mechanised and modern methods produce the bulk of the industry's output. Fraser and Neave, Coca Cola, and F&N enjoy a high distribution in the local market. The remaining firms use less mechanised methods of production, produce innumerable local brands. These brands are nowhere near the top sellers, distribution or sales wise. This analysis is confined to the former group of firms. The latter group of firms producing cheap inferior brands do not provide competition for the superior brands bottled by the five top companies. Further these cheap brands catering generally to a lower income group, do not utilise advertising. Therefore we see that Fraser and Neave's chief rivals are firms like Coca Cola and Pepsi-Cola and thus promotion should be geared towards gaining customers from these competitors.

Among the top five firms, Fraser and Neave's a strong public company accounting for a high proportion of total overall market production. Its market share is estimated at more than 40%. Frasers and Neaves has the advantage of a well-established reputation in the local market, an efficient and highly specialised marketing and sales organization. Apart from locally produced brands, Frasers and Neaves and 3 of the 5 top firms distribute internationally well known brands which are bottled under licence.

DIAGRAM 2

THE MALAYSIAN CIGARETTE MARKET *

Consumption
Cigarettes
in Million



* Figures for 1956 - 1964 given in the Annual report 1963 published by Rothmans of Pall Mall (M) Ltd.

Competition in the Tyre Market

The tyre market is fairly oligopolistic in character. There are a few major manufacturers who hold the greater majority of the market. Besides good year and India Tyres, Dunlop Malayan Industries Limited feels that competition from foreign or local manufacturers is not fierce. They are confident of their establishment in the market. They feel that they have overcome the prejudice against local manufacturers. However to maintain their leading position, they carry out promotional activities.

Market for Household Goods (Levers)

Levers faces various different competitors in this field, because of the different brands and types of goods it handles. This market is shared by Limited Companies like Levers and Colgate Palmolive and Agency houses like Harrison and Crossfield, Guthrie etc. and even local companies just penetrating into the Market.

The exercise will attempt to examine the competition faced by the company in the Detergent Bleaches and Toilet market.

Market conditions in the toothpaste field look quite gloom for Levers, 'Signal' its main brand competing in this field has managed to capture only 2% of the total market compared to Colgate Dental Cream 64% (Palmolives). Even in the Detergent Market Levers has a relatively low competitive position compared to Palmolive's "Fab, Levers "Broese" has 1% of the market compared to "Fabs" 67%. It has been estimated from a market survey that 1,078,400 homes don't use well-known detergents, therefore the potential market not penetrated into is approximately 53.4%. Levers can increase its competitive strength by capturing the major portion of this 53.4% of the market in view of this objectives, it has tried a new

strategy, i.e. to market its inferior brand J.M.C. (which incidentally is losing heavily against Breeze and Fab) in the predominantly rural area (of the unexploited 53.4%). This cheaper brand may be more attractive to the lower-income groups there than either Fab or Breeze.

Lever's position in the household goods market does not seem so gloomy for in the ~~Masses~~ (or ~~lower~~) market 'Fin' which it has concentrated a lot of promotion on in the past and which has established itself quite strongly has gained a 75% share of the Market compared to the 14% and 10% Lux toilet soap (Lever's) has created a brand leader large in the Soap market which is highly competitive. It has a market share of 53% compared to the Market share of 27% for Salvole its main rival.

For the market for edibles, Lever's has established itself firmly and its main competitors are young local companies, who are at present not offering very stiff competition. But stiffer competition is expected in the near future. Lee Seng Company is steadily becoming the strongest competitor in this field.

TABLE VI

Levers Competitive Position in the Detergent, Bleaches and Toilet Markets

| Brand | Levers Products | Colgate | Pepsodent | Kelynos | Lien | Others |
|-------------------|-----------------|---------|-----------|---------|------|--------|
| Toilet | Brand | | | | | |
| toothpaste | 25 | 64 | 4 | 15 | 21 | 75 |
| Soap | Brand | | | | | |
| | 53 | 3 | 27 | 4 | 3 | 10 |
| Detergents | Brand | | | | | |
| | 38 | 3 | 57 | 2 | | |
| Bleaches | Brand | | | | | |
| | 75 | 14 | 10 | | | |

Note:

Information on the Household goods market, facts and figures were extracted from the "Palmolive" Malaysia No. 1 First Quarter 1965. We can expect that some figures were bias especially the products of Palmolive. Even though there's some bias the figures are quite accurate - verified during interview with Levers (M) Ltd.

The Market for Paints

The paints industry has a bright future in this developing country and with the formation of Malaysia, should continue growing at the rate of 20%. Although this means that paint production would be doubled in 5 years time, I.C.I. is beginning to face a lot of competition from the entry of water based paints/dispersers which are getting increasingly popular and new paints developed need not necessarily make use of solvents which may be an added advantage in terms of cost and price⁷.

The expected expansion of the Paint⁸ industry is around 20%. Manufacturers are not willingly to give figures. The increase of 20% has been calculated on the assumption that population is expected to follow the same pattern of increase and that with improvements in the standard of living new houses will be bought and more 'paints' demanded and that the frequency of repainting and decorating houses will increase with improved standards of living.

The Paint market is dominated by a few big Companies like I.C.I. Federal Paints, Far Paints and a number of overseas distributor (like the distributors of 'Kee-Tone' and 'Kee-Glo'. The main opposition in terms of quality are the 'Kee-Tone brands'. The others don't offer as stiff competition, because each competes in different classes of the market. Its regular customers are contractors, industrial decorators and home decorators. For the purpose of the exercise only the market consisting of home decorators is considered, because the rest are industrial

7 & 8

Hydrocarbon Survey - undertaken by 'Shell Company through Mr. Raymond Tan.

customers. These decorators consist of those who paint the inside of their houses. This forms a good percentage of the paint market, for everyone who has a home is a potential customer.

The Asian consumers social habits are undergoing a revolution and more is its character taking the form of a Western imitated habit, where for example, the household does the re-painting of the house etc. Of the Asian races, the Chinese use much more paint than the Malays or Indians for home decorations. The Malays are more rural than urban and consequently they use little paint or go for the cheaper paints in the market, however the Malay population forms an important potential market.

The Market for Gasoline and Industrial Fuel (Shell Company (M))

There are three main competitors in the Gasoline and Industrial Chemicals and Fuel Market namely Shell Company (M) Limited, Caltex and Esso. In the Hydrocarbon Chemicals market Shell's main opposition at present consists of only Esso who are marketing two solvents namely Esso solvent 3040 and Esso solvent 1425. These are their equivalent to Shell's L.A.S. (Low Aromatic White Spirits) and Shallosol 60/145 respectively. These solvents are marketed in the same manner as Shells (transported through 'bulk lorry' to dealers, where they are filled into packages), there is also direct selling between supplier and dealer.

Esso has not been successful with their solvent 3040 against Shells L.A.S; their percentage being only 10% of the Selangor and Pahang area. Their outlets are mainly rubber balers since all the major paints manufacturers are shell customers.

If Esso has not been successful in the past there are signs that they intend to do better. Their Chemicals Section, Kuala Lumpur, Head

Office set-up consists of the Manager, an assistant and 2 senior salesman and still requiring another compared to the set-up in Shell Head Office this is very small.

It is known that they are determined to match Shell's ranges of aromatic solvents and this was evident in their quoting some 9 - 10% lower for the supply of in bulk to Calgate-Alcalive Shell's seems to have retained this business without matching their quotation. It is only a matter of time before they will make inroads into this market over which Shell holds at present⁹.

Future Opposition in the Hydrocarbon Market (for Shell)

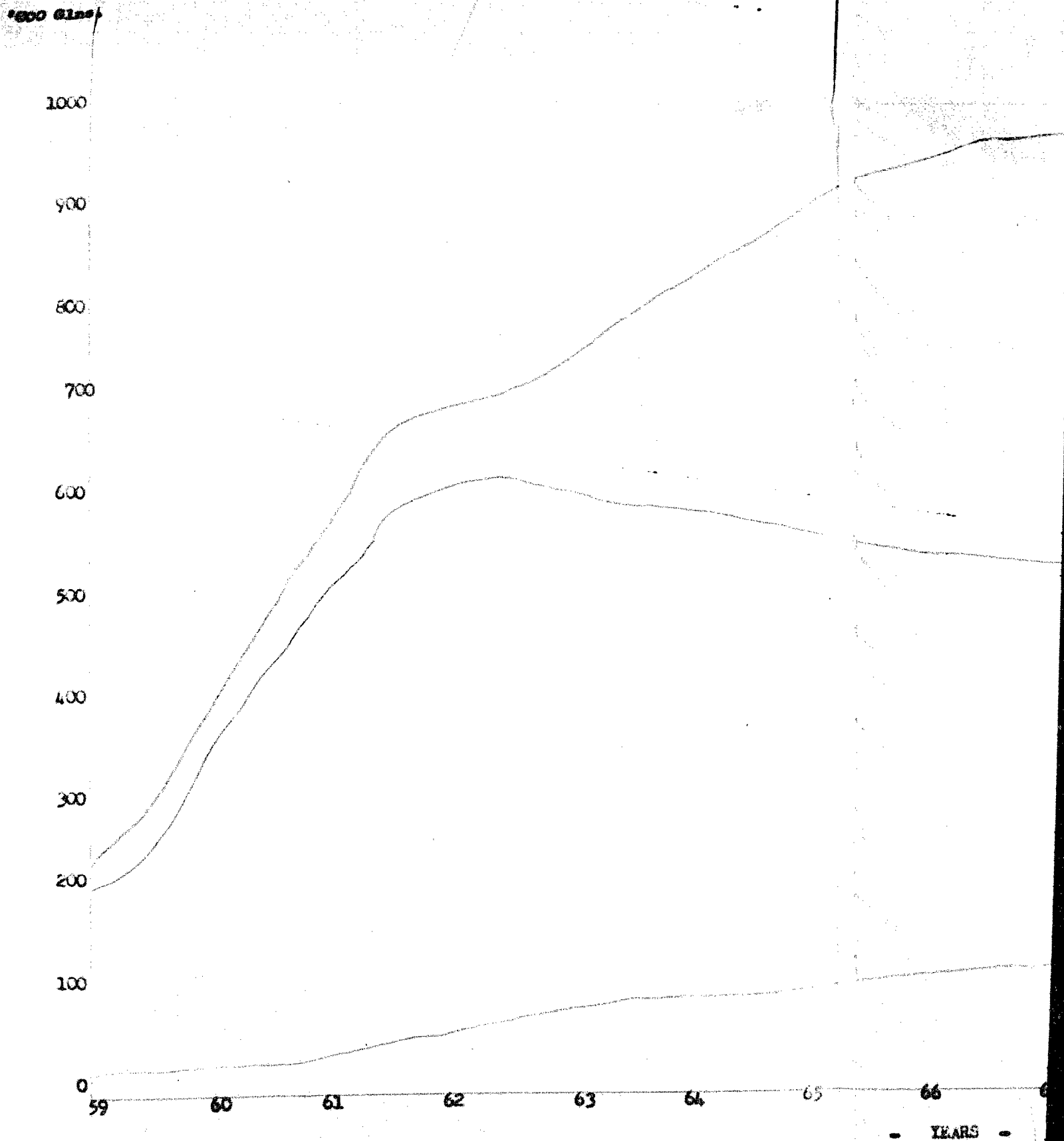
It is estimated that the opposition (Esso and Caltex) may capture 25% of the trade in Minor S.B.P.'s¹⁰ and Aromatics and 46-50% of the total white spirits and Major S.B.P.'s¹¹ market in the next 5 years. This also includes all other opposition which would have an interest in this still very profitable market. One other company which Shell is sure will come into the Market is 'Caltex'. Although rumors have had it that they would introduce their hydrocarbon solvents no evidence has yet arisen to believe that they have done so. Union Oil company of California who will

⁹Hydrocarbon Survey by Shell: ibid.

¹⁰Minor S.B.P.'s consist of Shellol 56/70
" 100/732
" 55/115

¹¹Major S.B.P.'s consist of Shellol 60/145
Rubber Solvent A
Rubber Solvent B

TOTAL WHITE SPIRITS MARKET MOVING ANNUAL TOTAL



Source: Hydrocarbon Survey by Mr. Raymond Tan (Shell Company (S) Limited)

LEAZAM IV

ES MARKET MOVING ANNUAL TOTALS.

TOTAL MARKET

STARS MARKET SHARE (SALES)

(1950 SALES)

65

66

67

68

69

70

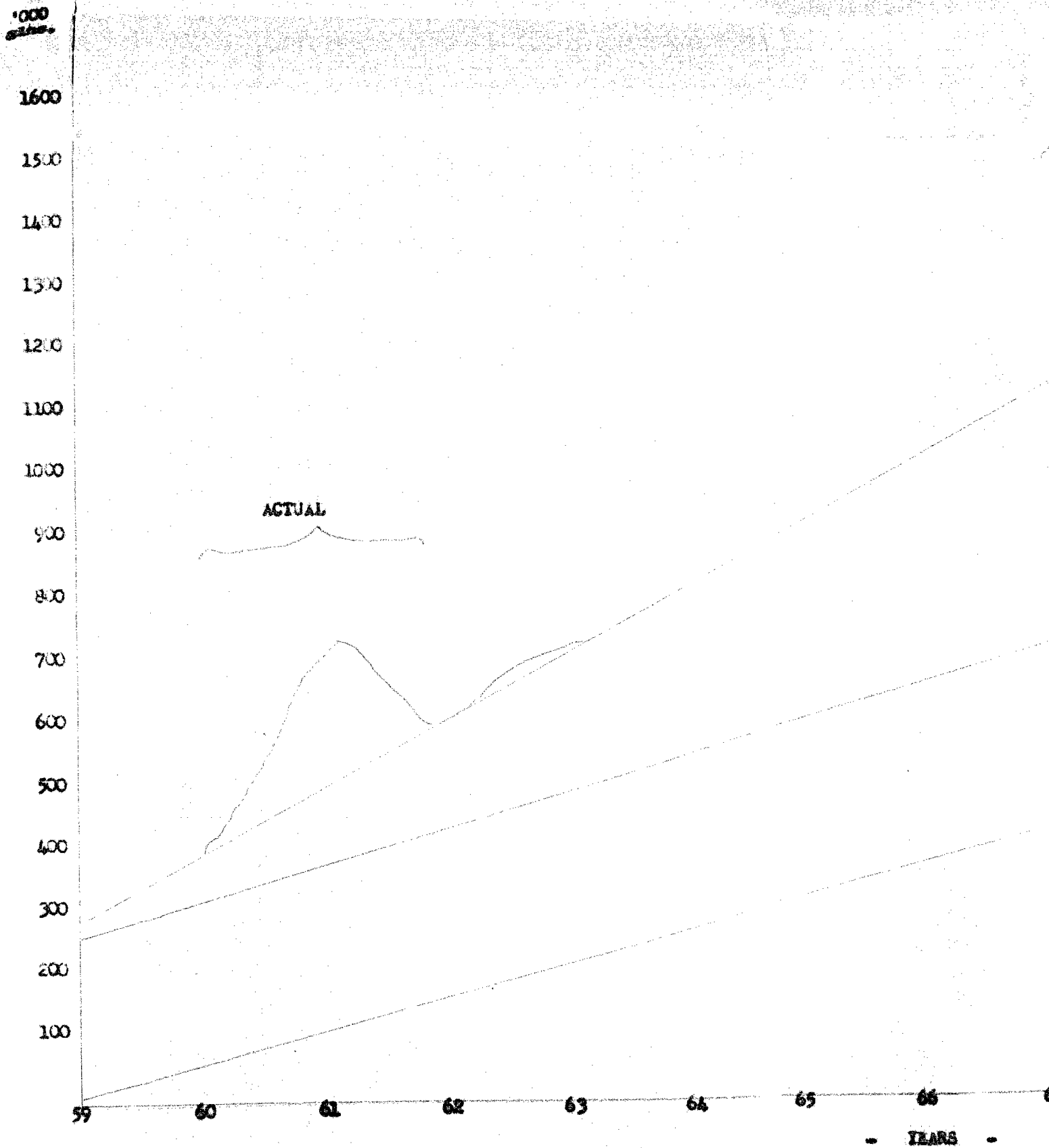
71

72

- YEARS -

Limited)

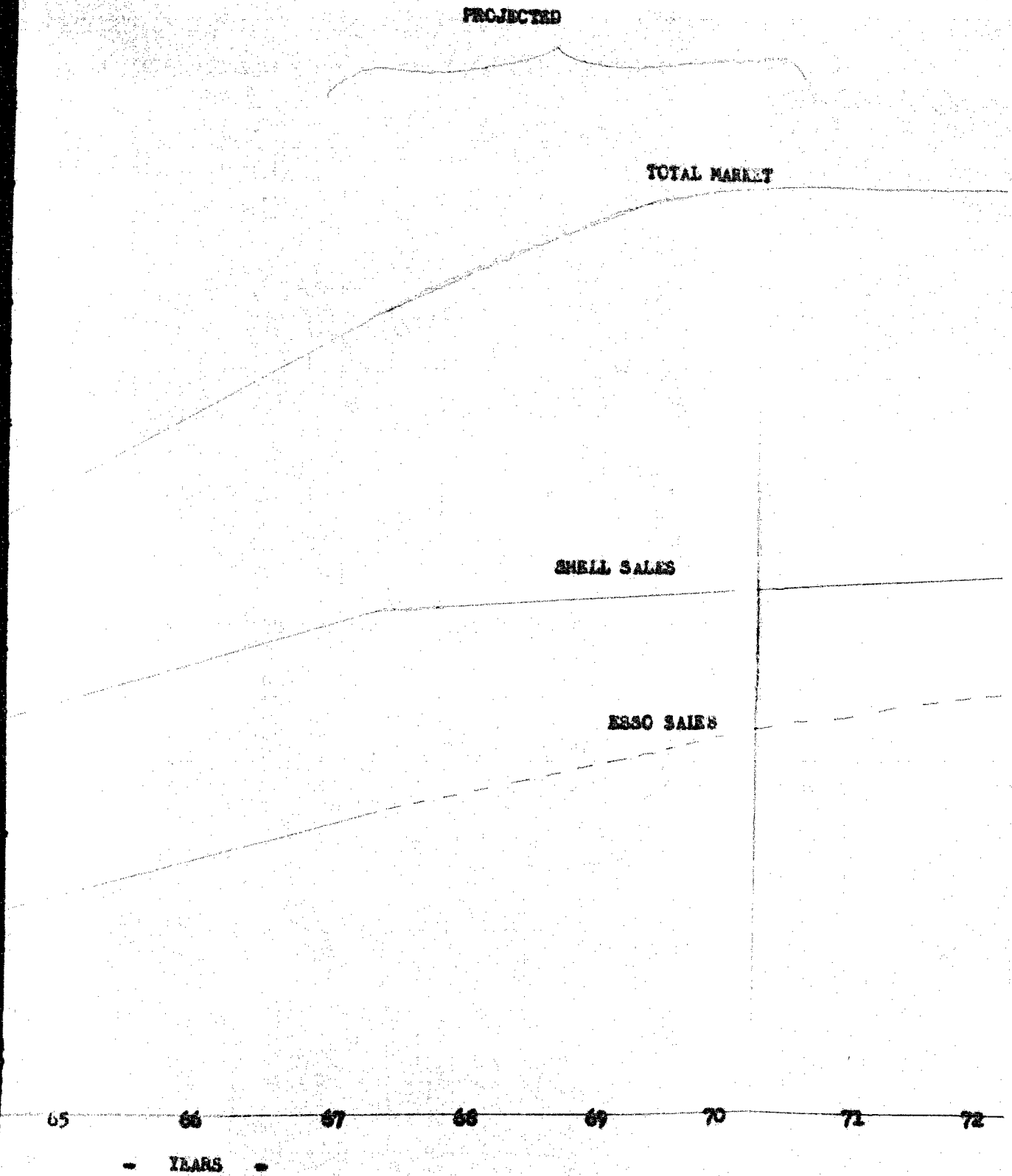
TOTAL SEP SALES SPIRITS AND AROMATICS (M)



Source: Hydrocarbon Survey by Raymond Tan - Shell Company (M) Limited.

DIAGRAM III

LED SPIRITS AND AROMATICS (MOVING ANNUAL TOTALS)



be marketing Oil in the area soon might possibly be another competitor, but they would have to be reckoned with at a much later date than Esso, possibly in 5 years time. Although Maruzen Toyo Oil Company has had a small refinery set up in Singapore, they do not seem to be a threat, this set-up is known to be facing financial difficulty.

The Petrol Market

Competition in the petrol market is quite similar to that faced in Hydrocarbon market. This market is oligopolistic in character with two to three companies dominating the market. Shell has a market share of approximately 53% of the total petroleum market. The main share of the total market is controlled by Shell and Esso, which is roughly around 91%.

Total petrol sales have shown throughout the years a steady increase. In 1963 the total sales of the industry was 4.5 million barrels (1 barrel = 35 imperial gallons). It is estimated that in 1965 this will increase to 5.4 million barrels and continue to increase where by 1968 the 6.6 million mark should be reached.

TABLE VII

Market Share of Various Oil Companies in Malaya
(all petroleum products)

| | Malaya % | | Singapore % | | Total | |
|-------------------|----------|------|-------------|------|-------|------|
| | 1963 | 1964 | 1963 | 1964 | 1963 | 1964 |
| Shell | 52.5 | 53.5 | 51.5 | 52.9 | 52.0 | 53.2 |
| Esso | 40.2 | 37.8 | 14.5 | 14.3 | 27.4 | 26.0 |
| Caltex | 6.8 | 7.6 | 16.5 | 4.7 | 11.6 | 6.2 |
| British Petroleum | 0.1 | 0.1 | 11.8 | 2.0 | 6.0 | 1.1 |
| Mobil | 0.2 | 0.8 | 5.5 | 25.7 | 2.8 | 13.2 |
| Others | 0.2 | 0.2 | 0.2 | 0.4 | 0.2 | 0.3 |

Source: Supplied by Esso Company.

Ques: The large differences in the market share of British Petroleum and Mobil are due to the fact that they supply for large contracts, therefore in 1963 Mobil's market-share was 5.5% and it rose to 25.7%. This large increase was due to a contract to supply in bulk.

The Singapore market is more competitive than the Malayan market. Apparently Shell has suffered no loss from 1963 to 1964, the period when British Petroleum and Stanvac (Mobil) started entering the Market. Esso and Coltex were hit by these two new competitors losing a slight percentage of the market.

Shell market-share is definitely going to fall, because of the (1) Intensified re-entry programme into Johore, Serak, Malacca and Singapore by Mobil and (2) increased participation of British Petroleum in the near future. Shell's Market-share is expected to drop in 1967 - 1968 because of the above¹².

Shell's large percentage of the Market-share is accounted for by her early entry into the market (30 years before any other company). Furthermore its wide distribution channels (retail and consumer outlets throughout Malaya and Singapore give her better grounds in maintaining her customers and in wooing new (potential) customers.

Their supply-points (retail and Consumer Outlets) consist of service stations, Gas stations and Auto pumps. The difference between service stations and gas stations, is that services for the servicing of cars are available in service stations. Both these type of stations display car-part accessories, car-fuel and greases as compared to Auto-pumps, which are only equipped with the petrol pumps.

¹²Survey of the Gasoline Market" by Esso.

TABLE VIII**Distribution of Shell's Supply-points (Retail and Industrial)**

| AREA | NO. | Volume in '000 L. 6/mth. | |
|--------------------------------|-----|--------------------------|-----------------|
| | | Gasoline | Auto Diesel Oil |
| <u>North Malaya District</u> | | | |
| Retail Outlets | 104 | 567.8 | 337.4 |
| Industrial Outlets | 16 | 14.4 | 33.9 |
| Total | 120 | 582.2 | 371.3 |
| <u>North Malaya (IPOH)</u> | | | |
| Retail Outlets | 118 | 468.2 | 289.2 |
| Industrial Outlets | 40 | 15.9 | 178.2 |
| Total | 158 | 484.1 | 467.4 |
| <u>Central Malaya District</u> | | | |
| Retail Outlets | 212 | 1375.0 | 768.5 |
| Industrial Outlets | 30 | 12.1 | 69.5 |
| Total | 242 | 1387.1 | 838.0 |
| <u>South Malaya District</u> | | | |
| Retail Outlets | 108 | 469 | 499.5 |
| Industrial Outlets | - | - | - |
| Total | 108 | 469 | 499.5 |
| <u>Singapore District</u> | | | |
| Retail Outlets | 117 | 1546. | 451 |
| Industrial Outlets | 29 | 40. | 219 |
| Total | 146 | 1586. | 670 |
| Total Pen-Malaya | 774 | 4039.4 | 2846.2 |

Source: Data extracted from "Survey of the Gasoline Market" by Esso

Company (M) Ltd.

| AREA | No. of Supply Points | | | | | Volume in l.6/mth | | | | |
|---------------------------|----------------------|------|--------|--------|------|-------------------|-------|------|--------|--------------------------|
| | Shell | Esso | Caltex | Petrol | Esso | Caltex | Shell | Esso | Caltex | Gasoline Auto Diesel Oil |
| N. Malaya District | 62.2 | 27.5 | 10.3 | 54.8 | 13.1 | 12.1 | 50.2 | 36.8 | 13.0 | |
| N. Malaya (IPOH) District | 66.4 | 23.9 | 9.7 | 54.8 | 11.3 | 13.9 | 58.3 | 29.1 | 12.1 | |
| C. Malaya District | 56.7 | 13.4 | 9.9 | 60.7 | 27.6 | 11.7 | 52.5 | 35.1 | 12.3 | |
| S. Malaya District | 59.7 | 26.5 | 11.6 | 62.3 | 22.4 | 14.3 | 62.5 | 21.8 | 14.1 | |
| Singapore District | 63.5 | 24.8 | 11.3 | 60.9 | 25.6 | 13.3 | 59.0 | 27.5 | 13.2 | |
| Total Pen Malaya | 61.9 | 27.5 | 10.5 | 58.9 | 28.0 | 13.1 | 56.9 | 30.2 | 12.9 | |

Data extracted from "Survey of the Gasoline Market" by Esso.

Notes: for the South Malaya District and the Singapore District Petrol has the following Market-share

(1) 2.2% of Supply points 1.0% of gasoline trade 1.6% of the Diesel trade (2) 0.4% of the supply-points 0.2% of the gasoline trade and 0.3% of the Diesel trade, respectively.

TABLE I

Break Down of Shell's Supply Points

| AREA | Service Stations | Gas Stations | Auto-Pumps | Vol. '1958 L.C./mth | |
|--|------------------|--------------|------------|---------------------|-----------------|
| | | | | Gasoline | Auto Diesel Oil |
| S.M.S. Penang Island | 7 | 10 | 9 | 200.1 | 46.2 |
| Pro. Malacca | 3 | 5 | 12 | 32.5 | 65.3 |
| Kedah | 6 | 11 | 35 | 253.2 | 200.9 |
| Perlis | 1 | - | 5 | 27.0 | 25.0 |
| Total | 17 | 26 | 61 | 567.8 | 337.4 |
| S.M.S. (IPOH) PERAK & Borcham | 5 | 6 | 11 | 168.3 | 57.9 |
| S. Perak | 6 | 9 | 17 | 102.2 | 81.2 |
| N. Perak | 6 | 16 | 22 | 129.0 | 99.2 |
| H. Perak | 2 | 3 | 10 | 69.7 | 50.9 |
| Total | 19 | 39 | 60 | 463.2 | 238.2 |
| S.M.S. East Coast South | 3 | 4 | 6 | 66.5 | 55 |
| East Coast North | 8 | 14 | 12 | 143.7 | 37 |
| K.L. & P.S. | 21 | 18 | 4 | 699 | 309 |
| S. Selangor | 9 | 9 | 11 | 145 | 92 |
| N. Selangor | 3 | 12 | 11 | 74 | 43 |
| N. Pahang | 4 | 6 | 13 | 76 | 60 |
| N. Sembilan | 11 | 14 | 19 | 210.8 | 117.5 |
| Total | 59 | 77 | 76 | 1375.0 | 768.5 |
| S.M.S. Malacca & N. Johore | 16 | 24 | 16 | 183.0 | 185.0 |
| N. Johore | 7 | 10 | 11 | 110.5 | 187.0 |
| S. East Johore | 9 | 11 | 4 | 170.5 | 127.5 |
| Total | 32 | 45 | 31 | 469.0 | 499.5 |
| Singapore District. | | | | | |
| Singapore 1 & 1A | 24 | 10 | 7 | 302 | 113. |
| Singapore 2 & 2A | 9 | 9 | - | 208 | 72 |
| Singapore 3 | 11 | 5 | 9 | 322 | 62 |
| Singapore 4 & 4A | 16 | 19 | 8 | 714 | 204 |
| Total | 50 | 43 | 24 | 1546 | 451 |

Source: Extracted from "Survey of the Gasoline Market" by Esso Co. (M) Ltd.

Tyre Market (Singapore)

This market is to a large extent oligopolistic. Before Dunlop (S) Ltd made its entry into the tyre producing locally, supplies for this market came from overseas. Dunlop began producing locally around 1962, this step greatly helped her competitive position, her tyres were free from import taxes and therefore a lowering of prices could be resorted to as a competitive weapon.

At present Dunlop's market share is around 33 - 34% of the total market. Dunlop also manufactures tyres for Good Year and India¹³ (following their specifications in pattern and product quality. Together these three brands account for 90% of the market. At the moment Michellan and Bridgestone offer the greatest competition and Bridgestone (Japanese Company) is expected to be the main rival once it has established itself firmly in the market (it has already started producing locally).

Dunlop's manufactures tyres not only for Malaya but also for distribution and sale in Burma, South Thailand, and North Borneo, Sarawak and Brunei.

There is no seasonal fluctuations in the demand for tyres. Evidence of slight fluctuations are found in the bicycle tyre section of the market. Here the fluctuations follow the padi harvest (as farmers are able then to change their tyres or acquire new bicycles). Below is a breakdown between industrial and consumer demands for the different types of tyres.

- (1) Car (a) Industrial 25% (taxi, vans, cars for office and factory use etc.)
(b) Consumer 75% (private consumption)

¹³The Marketing of India Tyres is done by Sinc Dury (N) Ltd.

(2) ~~Cycle~~ (a) Industrial 3% (trishas, tricycles used by hankers, factories, etc.)

(b) Consumer 7% (private use)

(3) ~~Motor-cycle~~ (a) Industrial 1% (telecons, G.P.O., factories etc)

(b) Consumer 8% (private use)

Dunlops (M) Ltd. does not manufacture tractor and truck tyres. These are imported from overseas and marketed by Dunlops who act as agents. The promotion of these classes of tyres is undertaken by Dunlops (M) Ltd.

Tyres are replaced every year at an average of 2.5 tyres per car per year of which 1.25 are replaced by new tyres. The replacement rate for trucks is at an average of 8 - 10 tyres per truck per year of which 3 will be new. The replacement of the rest is done through retreading.

On the potential of the market, it can be safely said that the future is bright. The annual increase in cars in Malaya is around 9.1% and 11.1% in Singapore about double the rate of national development¹⁴. With national development increasing in pace, it can be safely felt that the demand for tyres will take greater strides towards an increasing demand¹⁵.

The market for car and motor-cycle tyres is concentrated mainly in the West in especially Selangor, Perak, Penang and Singapore¹⁶. It is hoped that with greater steps towards development in the rural areas and the East Coast will remedy this imbalance in the Malayan tyre market.

¹⁴ Registrar of Vehicles

¹⁵ At present the ratio of cars to population is 1:38 (approximately)

¹⁶ Refer Appendix IV

THE MARKET DEMANDS

TABLE XI

Average Consumption of Malay, Chinese and Indian Household
in the Federation (all income groups)

| ITEM | Total Federation | | Urban Areas | | Rural Areas | |
|--------------------|------------------|------|-------------|------|-------------|------|
| | Value in \$ | % | Value in \$ | % | Value in \$ | % |
| Food | 110.54 | 57.9 | 142.09 | 54.8 | 96.29 | 60.2 |
| Drinks and Tobacco | 11.93 | 6.3 | 13.27 | 5.1 | 11.38 | 7.1 |
| Clothing | 9.52 | 5.0 | 9.08 | 3.5 | 9.72 | 6.1 |
| Household goods | 3.36 | 1.8 | 3.33 | 1.3 | 3.38 | 2.1 |
| Fuel and power | 6.19 | 3.2 | 9.43 | 3.6 | 4.73 | 3.0 |
| Transport | 7.07 | 3.7 | 8.05 | 3.1 | 6.63 | 4.2 |
| Services | 13.34 | 7.0 | 25.34 | 9.8 | 7.92 | 5.0 |
| Durable items | 19.26 | 10.1 | 26.65 | 10.3 | 15.93 | 10.0 |
| Rent etc. | 9.62 | 5.0 | 21.98 | 8.5 | 4.04 | 2.5 |
| | 190.83 | 100. | 259.22 | 100 | 159.97 | 100 |

The above table shows that Drinks and Tobacco make up a good percentage of the Consumer expenditure in Malaya. These consumer luxuries are growing in importance in our economy and we could forecast that the future is quite rosy. Promotional strategy of the Companies concerned i.e. Fraser and Neave (M) Ltd. and Rothmans have to take a strong view in respect of these potentials in the market. Only the best promotional effort would be able to gain inroads to the new markets that will appear in the future

because of increasing demand for these consumer goods. The following tables show proof to the increasing demand. (These figures are for locally produced manufactured cigarettes).

TABLE XII

Gross Sales of Soft Drinks and Carbonated Beverages

| Year | No. of Estimate Factories | Gross Value of Sales (\$1000) | Cost of Material Purchased (\$1000) |
|------|---------------------------|-------------------------------|-------------------------------------|
| 1959 | 73 | 17,380 | 7,688 |
| 1960 | 71 | 19,769 | 8,863 |
| 1961 | 72 | 20,399 | 9,023 |
| 1962 | 82 | 20,995 | 9,294 |
| 1963 | 86 | 24,313 | 12,344 |

TABLE XIII

*Gross Sales of Tobacco Products (Cigarettes)

| Year | No. of Estimate Factories | Gross Value of Sales (\$1000) | Cost of Material Purchased (\$1000) |
|------|---------------------------|-------------------------------|-------------------------------------|
| 1959 | 143 | 48,252 | 41,831 |
| 1960 | 149 | 94,453 | 80,348 |
| 1961 | 146 | 115,905 | 106,008 |
| 1962 | 142 | 147,161 | 121,499 |
| 1963 | 136 | 167,604 | 143,916 |

*Tables abstracted from 'Principal' statistics of selected Manufacturing Industries 1963 (States of Malaya) by Department of Statistics, Kuala Lumpur. The figures given exclude the establishments in Singapore.

Note: (1) 'Gross value of Sales' and 'Cost of Material Purchased' are given in thousands of dollars.

(2) 1963 figures are provisional

Home and Leisure Goods

Household goods (which include products of Lever Brothers and Paints used by house decorators) take up around 2.1% of the total consumer budget. But this figure does not tell the whole story. Statistics show that these two industries are expanding especially the Paint industry because of the increasing ownership of homes and houses and the trend to paint one's home.

TABLE XIV

*Gross Sales of Paints and Varnishes

| Year | No. of Estimate Factories | Gross Value of Sales | Cost of Materials Purchased |
|------|------------------------------|-------------------------|--------------------------------|
| 1959 | 3 | 1,511 | 2,605 |
| 1960 | 5 | 4,630 | 2,990 |
| 1961 | 7 | 7,125 | 5,989 |
| 1962 | 9 | 9,884 | 6,690 |
| 1963 | 10 | 12,999 | 8,775 |

TABLE XV

*Gross Sales of Soap, Washing and Cleaning Compounds

| Year | No. of Estimate Factories | Gross Value of Sales | Cost of Materials Purchased |
|------|------------------------------|-------------------------|--------------------------------|
| 1959 | 33 | 12,282 | 7,654 |
| 1960 | 29 | 15,398 | 8,420 |
| 1961 | 32 | 15,196 | 10,786 |
| 1962 | 60 | 24,462 | 14,331 |
| 1963 | 56 | 31,220 | 17,459 |

*Tables taken from "Principal Statistics of selected Manufacturing Industries" 1963 for the States of Malaya - Stats. dept.

Note: (1) Gross Value and Cost of Materials given in 1000/-
(2) 1963 figures are provisional.

TABLE XVI

Gross Sales of Vegetable Oils and Fats and other Vegetable
and Animal Fats n.e.c.

| Year | No. of Estimate Factories | Gross Value of Sales | Cost of Materials Purchased |
|------|------------------------------|-------------------------|--------------------------------|
| 1959 | 20 | 7,840 | 5,148 |
| 1960 | 22 | 8,295 | 5,470 |
| 1961 | 21 | 6,922 | 4,601 |
| 1962 | 29 | 8,042 | 5,097 |
| 1963 | 27 | 8,595 | 5,673 |

Specialty Goods

No figures could be traced for the market for tires and Petroleum in dollars. But referring to the table on the average consumption of the Population Fuel and Power (Shell included) consists of 3% of the Consumers Budget and Transport 4.2 (Transport would also include the purchase of tyres). These figures do not give a clear picture of the market.

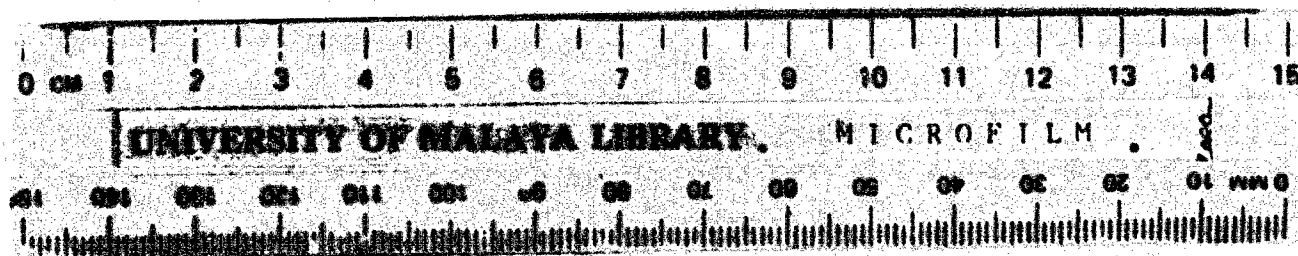


TABLE XVII

Average Monthly Expenditure of Population

| | Malay | | Chinese | | Indians | | Total | |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| | Rural | Urban | Rural | Urban | Rural | Urban | Rural | Urban |
| Household | | | | | | | | |
| Electricity Bill | 1.87 | 3.13 | 1.32 | 0.91 | 3.32 | 2.69 | 6.52 | 6.73 |
| Telephone Bill | 0.2 | - | 1.73 | 1.83 | 0.71 | 0.03 | 1.76 | 1.53 |
| Postable Bill | 0.2 | 0.21 | 0.73 | 0.30 | 0.73 | 1.07 | 1.56 | 2.08 |
| Post | 0.05 | 0.11 | 0.02 | - | 0.59 | 1.11 | 0.66 | 1.22 |
| Total Billables | 2.32 | 3.45 | 2.80 | 3.51 | 4.65 | 4.90 | 10.60 | 11.65 |
| Food | 0.09 | 0.42 | 0.19 | 0.34 | 0.11 | 0.32 | 0.39 | 1.08 |
| Alcohol | 0.05 | 0.26 | 0.11 | 0.23 | 0.19 | 0.30 | 0.35 | 0.79 |
| Clothing | 0.76 | 2.80 | 1.25 | 2.03 | 1.42 | 1.42 | 3.47 | 5.30 |
| Medical | 0.25 | 0.36 | 0.54 | 0.65 | 0.82 | 0.45 | 1.51 | 1.48 |
| Entertainment | 5.31 | 7.94 | 8.92 | 10.20 | 1.58 | 3.40 | 15.41 | 21.54 |
| Other | 2.70 | 3.53 | 1.98 | 2.76 | - | 0.23 | 2.56 | 6.54 |

The table shows the demand of the various consumer goods by the different racial groups. Media, Strategy and audience to be reached, in racial and geographical areas will be determined by such information.

Source: Household Budget Survey* of the Federation of Malaya, 1957-58 by the Department of Statistics.

CHAPTER V

PROMOTIONAL OBJECTIVES

Every Company has its reasons to promote its goods. Their promotional objectives are diverse and varied. No company has similar promotional objectives to another because of the differences in the product, the advertising environment, the psychological make up of the sales manager. For each brand, market channels competition, consumer groups etc. are to varying degrees dissimilar underlying objective is to increase sales or to carve out a greater market share for itself. There are other objectives such as, to build the Company's image, to retain present share of the market, to introduce new products, to enter new markets or to inform customers of changes in the product.

Each of these objectives requires a different sort of a promotional blend and even for a particular objective the promotional job and the make up of the promotional blend will vary between the different types of goods. These differences in objectives in different types of goods would mean that in planning a campaign, a lot of thought must be given to the analysis of the objective, for it will determine the media to be used, the appropriation of the Advertising budget to the various media, type of audience to reach etc.

Consumer Goods

(a) Convenience Goods

Soft drinks and Cigarettes are impulse goods, they are goods which consumers typically do not seek, they are purchased on sight and consumers may have purchased them many times before.

These products are already accepted by consumers but they are competing

with similar products which could take a part of the consumers dollar. Since these items need well-placed displays, they usually require highly persuasive personal-selling to the retailer. Fraser and Neave has established itself in the market and therefore does not emphasize on this. But Rothmans has a sales force, highly specialised in this respect. The objective is to persuade retailers to have a good amount of its brand in stock for sale to customers. Consumer advertising does not seem to be necessary with Fraser and Neave because of its image in the market and because there are relatively few products of its kind (non-carbonated drinks of its own calibre). For Rothmans consumer advertising is essential because several similar goods are competing in the channels. The producers have to promote their product to final consumers to impress retailers and wholesalers that his product is the best impulse item available. The intensive advertising undertaken is for the specific objective of establishing brand reference for a relatively new brands, 'Rothmans King Size' and 'Consulate' facing stiff competition from rival brands namely 'State Express 555' and 'Lyners Gold Leaf' and in the mentolated cigarette Market, from rivals like 'Salem' and 'Mentastorm'. Retailers may also use local advertising of an informative nature to encourage impulse sales by telephone. Basically however, promotion of these goods is directed to the channels and personal selling is an important part of it.

Promotion through informative advertising has proved to be a success in carving out a market for Fraser and Neave's product. For e.g. one of its advertisements in 1972 ran like this.

"The producing powers of the company's factory have recently been greatly augmented, special facilities exist for supplying mail and

and other steamers with aerated waters on the shortest possible notice¹.

By continuously informing the consumer that its products were of high quality and persuading them that they were superior to other similar products, the company had successfully created a brand image for its products. Consequently, it built up a patronage habit among the consumers².

As the products (Fraser and Neave- soft drinks) already established themselves in the market and moved into the developing stage, the objectives were modified, altered and in some places changed. This, apparently was to vary the objectives with the changing situations. In the developing stage, the products had to face more and more competition. The Company had to gear its promotional activities toward meeting this competition (especially from 1950-55). Fraser and Neave has reached the Maturity Stage.³ It is well established in the market the objectives at present are to maintain their market share which they have carved out for themselves throughout the year.

However the company is not just concerned with consolidating its present position only. It is also interested in increasing its sales. In this work, the company also has as its objective the intention to expand to new market areas. Another objective is to maintain its name and the image that it has engraved on the minds of consumers. Thus at present

¹ A Study of the Promotional Activities of Fraser and Neave Ltd.
by Leoh Eng Chooi - University of Malaya.

² Interview with Sales Manager.

³ The opinion of the Sales Manager - given during an interview on 29th 1965.

promotional efforts are geared towards reminding customers (mainly) of their product. Since reminding the customers is the only objective of promotion the promotional budget is only \$340,000 in the Selangor area and approximately \$899,000/- for the Federation of Malaya⁴.

The objectives of Rothmans Malaya are not so much as to make immediate profits but rather to establish itself in the Malayan Cigarette market. This is because the industry in Malaya is still in its infancy as its introduction dates back only to its incorporation in September 1961. Thus most of its promotional efforts are moulded towards creating a market for itself or to be responsible for a greater portion of the Malayan cigarette Market. Related to this objective is the aim towards building the consumer's goodwill. For one of the main objectives of marketing is to satisfy the consumer, thus his goodwill will show his satisfaction for the product, this in effect will ultimately help to increase sales. For this reason Rothmans in all its advertisements emphasize that quality is their motto, that a "Rothmans buy is a good buy".

Promotional Objectives

We have seen that the determined promotional objective of Rothmans is to increase its market share. This particular objective was responsible for its vigorous campaign during 1962 - 63. For Rothmans a higher percentage share of the local market for all its brands has been set as the goal during the first year of aggressive national distribution and expansion. The high budget of nearly \$2,000,000 has been necessary to support both an initial stage of introducing a new brand as well as to sustain other brands at the

⁴ The opinion of the Sales Manager - given during an interview April 29th 1965.

highest possible level of Pan Malayan advertising throughout the year.

Nearly 50% of its annual budget is for promoting Rothmans King (filter cigarette). This is specifically aimed at intrrenching the brand firmly in the competitive filter market. Because of the highly superior competitive advantages, the brand is also considered to have a great potential in non-filter Market⁵.

Retaliatory Campaign

The basic objectives of some campaigns are purely retaliatory - that is to counteract competitor's advertising. Retaliatory campaigns each strive to win away customers of the other. Such campaigns are frequent among both cigarette and soft drinks firms distributing closely similar product brands; for example, Red Lion (Fraser and Neave) and Green Spot (similarity in contents, price range and in association of brand names).

Institutional Advertising Campaigns

For well established firms, advertising objectives are primarily to create a 'prestige image' for the firm by featuring its name prominently in the advertising copy. Goodwill for the firm is established to the advantage of the firm.

Creating this company image is an important advertising objective of Fraser and Neave Ltd and Rothmans of Pall Mall (Malaya) Ltd. Present and cumulative advertising have been instrumental in sustaining the reputation of these firms and also in facilitating consumer recognition and

⁵In view of the limited filter market, a necessary long run objective in intensive promotion of the above brand (and indeed for all other filter brands) is to encourage demand from consumers in the non-filter market.

confidence in new brands introduced by the respective firms.

Some other campaign objectives of Rothmans Ltd. in particular include plans to extend retail outlets within the Malaysian Market in the near future especially. This entails increased advertising expenditures.

Apart from the above objectives outlined above, most firms advertise merely "because others are doing it". It is not unusual for smaller firms, especially those without an efficient marketing department to advertise without a clear knowledge or understanding of what advertising is designed to achieve beyond 'mere reminders'. Both of these brands have largely similar consumer appeal⁶.

In the cigarette field, two closely competitive brands are Rothmans and State Express 555 filter Kings. Both are essentially physically similar (except in psychological satisfaction) and are usually substitutable. Besides these similarities these two brands compete for customers from the same income groups.

For each individual brand, the firm is chiefly concerned with competitive advertising expenditures. Where substitution for each rivals brand is relatively easy, the main objective of the firm's advertising is mainly to generate the maximum brand recognition.

It would seem that, other things being equal, the firm with the largest advertising budget (hence ability to generate maximum brand recognition to the point of insistence) will be the more successful.

Retaliation often takes the form of bettering or matching each others expenditures (in dollar terms or through frequency) usually, though

⁶ One of the tasks in a consumer survey Fraser and Neave Ltd. Distributing Red Lion had been among other things, to determine "why consumers ask for Green spot when they mean Red Lion".

not necessary through the same media⁷.

(c) Marketing Costs

Mass selling -including aggressive national advertising - may be used by manufacturers for products which final consumers think of as homogeneous shopping goods (e. g. Dulux paintalite and Super Terr-tone). Still the consumer's primary interest is price, and he may feel little for personal salesman. But the retailer still may use personal selling to try to convert his total product to a heterogeneous shopping good. In addition, the manufacturer and wholesaler may use aggressive personal selling to achieve and maintain the retailers' co-operation in these competitive markets continuing mass selling by manufacturers and retailers may be necessary to meet competitors' promotion, so that finally the "noise level" in such markets may irritate the consumer.

Promotional objectives of Lever Brothers

To increase sales is the overall objective of the company's promotion. This increase may be temporary (especially at festivals) or permanent. Thus for certain periods of the year, the sum set aside for advertising increases to usher in an anticipated rise in sales volume. Capture new markets is connected with the above objective and to accomplish this Lever Brothers extend promotional efforts to new areas, or try to capture a part/competitors' market share e.g. dislodging the loyalty of "disloyal" consumers through heavy promotion for Lux⁸ not forgetting their present market share promotional effort is all channelled in this direction.

⁷ By utilising mainly the English Edition, in the Press, (evening and broadcasting the advertising of bothings and State Express 355 is designed to reach the literate and higher income consumer.

intensified promotion has to come about especially when competitors marketing programs are aggressively planned. Retaining present share of market also implies trying to regain the sales of a product which is falling e.g. the market for hard soap may be falling because non-soapy soaps are becoming more popular. Thus there is a need for advertising to buy and recapture the old share of the market.

Promotional objectives which may come now and then are also important. Just because they are not the objectives in all campaigns does not mean that they are not important. It is the nature of the objective that necessitates the number of occurrences to introduce new products and to create a demand for it in the market which may be the objective of the company's promotional effort when the need arises to have this as an objective e.g. recently Levers had this as one of its main objectives, when "Rang" Chicken essence had to be introduced into a market, against such strong competitive brands such as "Brandix" and "Apollo".

Occasionally the company's promotional effort may be geared towards the purpose of 'Reminding the Customers of the products and the company's name or to say 'how Levers appreciates the loyalty its customers show'. Scheme promotion may be used to inform customers of changes in the products especially changes with regard to size, weight, colour etc. Salesmen are used to explain that the Company is looking after their interests and giving them better value for their money by adapting the products to their needs and requirements. All this is important especially for shopping goods because of the nature of the consumers buying habits for these products. These goods are sought for and therefore good information, efficient service and the quality of the product together with the price of it are

economic motives underlying the consumer's buying habit. In the case of shopping goods emphasis on 'economic motives of the consumer' is heavier than that on 'convenience' impulse goods.

Promotional objectives for I.C.I. paints

Undoubtedly the 1st objective would be 'to increase Sales and ^{is} because it is a shopping good the promotional objective aimed at supporting the selling effort - a good and necessary marketing policy (especially, because the nature of the product and its consumer demand it). The selling effort would be made much more effective through advertising. Advertising, if effective, will succeed in getting new customers, or persuade present customers to use new paint. And should the customer be dubious, effective brightly coloured advertisements would do the job.

To achieve a market target set for a period of time is another objective. Before embarking on any advertising campaign, the company works out a sales target to be achieved within a certain period. The target is set yearly, but it is also necessary to take a longer view, e.g. setting the target for a period of five years. With this yearly target set as a promotional objective, the Company can then decide on how much to spend each year on advertising in order to reach the set target.

Informational pamphlets are distributed to customers to help them choose their colours or to match colours this greatly helps the customers in his choice, and because such service is appreciated, the company is sure it will help sales.

Availability

Dunlop tyres used for automobile and demanded by the ordinary public and Petrol sold to these same customers by Shell Malaysia Limited etc.

and as representatives of speciality goods. The companies involved use mass-media - such as billboards or occasional newspaper advertisements - largely to remind customers, of new improvements in these products and where these products can be obtained. The favoured status of these products makes it relatively easy to promote them to wholesalers and retailers on the basis of profit potential. Even so, the producers' story must be told again (by personal salesman) to assist the retailers' routine efforts.

Despite their preferred status, speciality goods may require mass-selling. If similar products were aggressively promoted (e.g. Dunlop tyre (Tyre)), the manufacturers would not want to risk having a customer franchise. Consumers are notoriously fickle and a reduction in the level of promotion over a long period may result in a loss of market share. New customers, moreover, are continually entering the market and must be converted to the product.

This mass selling by producers (screen, newspapers and radio) is to ensure sufficient customer acceptance. Retailers may even advertise speciality goods to enhance their own reputation (e.g. a Motor-car garage and repair shop - advertising that it has a stock of Dunlop Tyres). In the store, however, the product usually requires little personal selling and sales promotion in the form of services, good stock of material and attractive racks are important. Shell provides all of this at its supply stations (petrol station). Dunlop leaves this to the wholesalers and retailers.

Promotional objectives of Dunlop

To guide the promotional objectives of the Company, they have

set themselves an ambitious aim to fulfill. Their objective is to capture the whole Malaysian tyre market. Increasing sales by percentages does not seem attractive enough to Dunlops. It is felt that the only hope of increasing sales is through a penetration into competitors share of the market and that the tyre market as a whole increases. They cannot hope to conquer the market just by their promotional activities as the tyre market is unlike some others e.g. magazines which by improving their quality can obtain a wider circulation. For the tyre market as a whole to expand, the sale of vehicles must increase which means increasing the national per capita income. The Automobile market has good potential to expand with the rapid development of Malaysia, thus there is hope for sales to increase as new market areas appearing.

To achieve these aims, Dunlops had set the policy of promotional activities last year (1964) as being.

- (1) to promote and assist the sale of Dunlop tyres.
- (2) to instigate buyers to choose Dunlop tyres.
- (3) to create the best climate favourable to Dunlop as a manufacturer of tyres and Dunlop tyres as a product.

To build a favourable image of Dunlops. The Company had set out to impress the people on the seriousness of the company towards the welfare of the country with the aid of institutional advertisements and public relation acts. To help them to sell, they used aggressive advertisements which for last year was concentrated on the quality of Dunlop tyres. For this year (1965) the Company is to emphasize on both quality and benefits to the consumers. There is very little play on prices because consumers usually associate inferior goods with cheap goods.

Promotional objectives of Shell (H) Ltd. for petrol (used as a consumer good)

The promotional objectives of Shell for its petroleum (gasoline) products for private cars are clear-cut. The prime objective is to achieve an inelastic market demand for its products, or to shift the demand curve to the right. Company image has been established through the years, but because more competitors are entering this market, there is need to recall the image to maintain present sales (inelastic demand) and capture a larger proportion of the increasing market by mentioning the extra special qualities of her products.

For these objectives various methods are used. Institutional advertising would be carried out to build company image. Campaign advertising and promotion would be undertaken periodically to convince customers of the inelasticity of the brand, thus at the same time attempting to maintain present market share (which is expected to fall in the near future). Selective advertising is also resorted to especially against Esso, this method of promotion is utilised to support the above two methods to achieve the respective objectives.

Promotion for Industrial Goods

Unlike consumers, industrial buyers do not usually seek out the goods they will need. The accepted practice is to wait for the seller to come to regular suppliers, but buyers still expect sellers to contact them in person or by telephone. Mass-selling may be used to locate prospects (through inquiry tests) or to develop a wellknown brand name, thereby relieving the salesman's task. But most industrial goods are promoted by personal selling because of a relatively limited and concentrated market and the technical nature of the selling job.

New industrial goods in the introductory stage need informative rather than persuasive promotion. For example, recently Shell Malaysia Limited was introducing a new cylinder oil (New Super Motor oil - "New Shell Super Motor Oil is now available all over the world. Ian Lyon, Shell Malaysia's Technical Manager gives the factsetc"⁹.) The major task is to inform potential customers about price and product quality, reliability, dependability, availability etc - Attached at the bottom of the above mentioned advertisement is attached a coupon which could be used if additional information is required.

Where competitive conditions prevail, persuasion becomes necessary too. Often this means convincing the buyer that purchasing from a particular company will make for a more pleasant and dependable relationship, while assuring him at the same time that he will receive competitive prices on similar products. This task can be performed best by personal salesmen, since they can deal separately with each of the individuals - from top executives to purchasing agents - who influence buying decisions. The specific promotion blend, as with consumer goods, varies with the product.

Promotion of Dunlop Tyres (as Industrial Goods)

In this category of Dunlop products only products sold to Industrial buyers are included e.g. tractor tyres or truck tyres used for transport. They tend to be standardized (Dunlop manufactures tyres for all equipment that have wheels - "For everything on wheels a tyre by Dunlops")¹⁰ Promotion

⁹"The Straits Times" - Wednesday April 21, 1965

¹⁰"A Study of the Promotional Activities of Dunlop Malayan Industries. Ltd." by Wang Kim Sun.

NOTA

DOKUMEN ASAL

TIDAK TERANG.

NOTE

ORIGINAL COPY

NOT CLEAR.

of these products must convey information about technical details as well as economic considerations such as price, quality and dependability. Some of these products are custom made for specific applications, and personal salesman with technical knowledge are needed for this reason. But if, as often happens, many competitors can offer the same technical service or even identical products, much personal persuasion is needed. Again given essentially homogeneous products and prices, buyers prefer to deal with sellers who are friendly and can assure prompt, dependable service. Dunlop's sees to this, it requires that its agents give the customer these services. Personal selling is the chief means of promoting these products, thus we see the importance of Dunlop's technical sales force. These are technical advisers, they do not try to make 'a sale' with customers, but rather give information on technical matters concerning Dunlop's products (tyres). These technical sales force is aided by a 'Sales force' which try to make sales and 'contracts' for tyres.

The objectives of the Company in the Industrial Market is the same as that in the Consumer Market. But the emphasis on both quality and benefits for the consumer means an extra special task for the Industrial Market which is smaller and therefore easier to please. This means a special job for Sales Force this year (1965)¹¹

Promotion of Raw Materials (Shell Fuel for industry use)

Most of these products have reached the market-maturity or even sales decline stage. They tend to be standardized and prices, which are usually widely disseminated, are competitive. Promotion is not unimportant

¹¹ Interview with Dunlop's Sales Manager May 1965.

even. Even in a market in which prices are similar for similar products, buyers must still choose from whom they will buy. And there exist opportunities for considerable persuasive personal selling. The personality of the particular salesman and the reputation of the company can, in fact, be the deciding factors. This accounts for the fact that Shell is particular in choosing its sales force; personality, intelligence leadership and capability are qualities desired. For other things being equal, a buyer would usually prefer to deal with sellers who are friendly and who will guarantee the quality of their products and provide prompt, dependable delivery.

Shell's Industrial Chemicals division has the consumer in mind during its promotional drive this year. The objective is to provide efficient and convenient storage and delivery for customers. Already proposals have been made to this effect. These proposals are intended to benefit the customer and the Company.

1. Underground storage facilities will be provided for all consumers with off-takes of 1,000 gallons per month and above.

2. Shell is to adopt a 'B.O.P.' service at supply points similar to the Brickfields Depot for the dealers and smaller consumers or those with no space available for siting the underground tank.

3. Shell is also running a "Milk-run" service to provide the customer with transport for the purchase of even small quantities of fuel.

We thus see that in Shell's case promotion is centered around personal selling and sales promotion, some advertisements may appear in scientific and technical journals and magazines. The objective this year is to emphasize more on economic aids like storage, transport and service. The sales force is to be disciplined towards these objectives.

Price is important, since in raw materials prices are highly competitive Shell uses sales discounts as a promoter of sales. It is felt that this has kept a lot of the loyal customers and has helped to increase its market share.

Shell's promotion objective every year is to maintain goodwill with its customers. For goodwill between supplier and consumer has proved in many cases to be an asset for instance in 1964 Esso made a strong bid to capture the valuable Federal Paints business but failed due to Shell's good relationship with the customer¹². All effort is being exerted to maintain goodwill but the uncertainty is on the point of reciprocal business. This point was exploited to the full by Esso who purchased 1,500 gallons of Federal paints when making a bid at their business. Shell did not bid for this because the paints manufactured did not conform to Shell's specification. New samples are being prepared, and their passing Shell's specification will enable Shell to give Federal Paints the reciprocal business which is wanted basically for prestige reasons. Thus we see that promotional job is centred around economic motives of price, storage, transport service reciprocal business and goodwill unlike the objectives of consumer goods.

¹² Hydrocarbon survey by Raymond Tan Shell (M) Ltd.

THE PROMOTIONAL BUDGET

This would include the total cost of maintaining a sales force. As is used, the Advertising appropriation and the cost of Sales promotion. The total cost of maintaining a sales force is reasonably fixed, the advertising appropriation varies from year to year, depending on the type of mass-selling to be executed. The advertising appropriation is a budgeted sum of money¹ set aside to cover all phases of the advertising campaign and spread over a particular time period. The Cost of Sales promotion like the Advertising appropriation varies from year to year. The amount of money set aside for these three depend on the type of product to be promoted, on the objectives of the campaign and on the products involved. A fundamental necessity for the success of the promotional job is an adequate Budget to accomplish the tasks of the promotional job.

For some firms the annual Budget is subject to review at quarterly or half yearly intervals².

Determining the Promotional Budget

Determining how big a sales force one should have depends on the nature of the product and the objectives of the campaign. Consumer goods in general do not depend too much on personal selling, for the markets are too wide and scattered to make it profitable to make a sale personally

¹The term 'budget' is used interchangeably with the term 'appropriation'. It is possible though to distinguish between long range planning (budget) and outlay authorized for a particular period (appropriation) See Joel Dean op cit p. 363.

²Campaign plans for Hoffmanns are made at six monthly intervals although the appropriation (advertising and Sales Promotion) is made for a period of a year.

to each customer. But a sales force is maintained for certain objectives, such as introducing a new product or brand, or to make a contract with a dealer or agent, or to keep a friendly and co-operative relationship and goodwill between the middleman and the company.

Unlike consumer goods, Industrial goods need a good and sizable sales force. The need stems from the nature of the product and the motive of the buyer. Industrial buyers are motivated through economic instincts, therefore personal selling is needed to inform each customer of the efficiency, durability, and other technical requirements of the product which may not be possible to advertise. Moreover the number of customers are few and concentrated. But there is still the need of mass-selling and advertisements to tell customers of the product, its manufacturer and its reputation, which would be an utter waste of time and money if it was left to the salesman to do so.

Determining the Advertisement Budget

A bigger Advertisement Budget may be required for consumer goods as the communication Process between the company and the consumer depends a great deal on mass-selling. But this need not necessarily be the case, for certain consumer goods after a time, especially after being established, use very little advertising e.g. Fraser and Neave (M) Limited.

There is no one single method of assessing the advertising expenditure that is sufficient or which will be an absolute success. In practice, various factors bear upon the firm's determination or assessment of the size of the appropriation. These factors are analysed below.

Percentage of Sales

Allocating a percentage³ of past or anticipated sales revenue

³The percentage may be fixed or varying. For Rothmans the percentage is decreased as sales increase.

Advertising is a common procedure especially for firms distributing soft drinks, cigarettes and petrol (Shell) - for product brands which have been in the local market for sometime, usually a 'levy' is imposed on each case of soft drinks, each gallon of petrol or per number of cigarettes which the firm expects to sell, or alternatively on the value of sales expected. Shell calculates on a cents per gallon basis or at times on a dollar per barrel basis.

Basing the appropriation on past sales provides the management with an element of control over their advertising expenditure by relating their expenditures automatically to sales revenues. Advertising is carried out when the firm has funds to afford them. However, if sales increase, an increase in advertising (not an automatic decrease) is needed, *ceteris paribus*, to boost sagging sales.

Determining the appropriation on the basis of future sales earnings involves demand forecasting. This requires considerable experience and a sound judgment of the market and the general economic conditions.

Competitors actions (especially in the cigarettes and soft drinks industry) are also extremely important in influencing the firms sales. The well established firms like Fraser and Neave (M) Limited have the advantage of controlling a large share of the respective markets. Fluctuations in their sales are usually less violent during the forecasting period. The market share and sales of the smaller, marginal firms are more dependent and subject to the policies of large firms, particularly the latter's well organised and extensive marketing plans.

Analytically it is difficult to justify the percentage of sales which is spent on advertising expenditures. The purpose of

advertising is to increase sales above what it would otherwise be. Advertising should more logically be regarded as a cause rather than a result of sales.

Competitive Factor

It has been noted that some advertising campaigns are largely to negate or counteract competitors advertising. It is not uncommon for the size of the firm's appropriation to be governed approximately by competitors expenditures for similar product lines.

Objective and Task

Most advertising campaigns as discussed earlier are designed with some sort of objective in view. The advertising appropriation should be based on the amount required to attain these predetermined objectives.

Arbitrary Methods

Most frequently than is admitted by firms, no logical reasoning enters into its assessment of a suitable appropriation. Some firms are aware that some advertising is necessary but are unaware of what it is supposed to achieve. The appropriation is arbitrarily determined according to what management or the proprietor considers necessary.

Usually the figure is determined by the amount of available funds on hand or what the firm feels it can afford to spend on advertising.

Since advertising effects are largely uncertain and immeasurable, spending what the firm can afford is considered an important guide and controlling limit to advertising expenditures. For the smaller firms particularly, financial resources is a real limit to its advertising campaigns.

Broadly, the above considerations are complimentary to the firms determination of an advertising appropriation. The weight of each factor obviously depends on the individual firm, its product and its market⁴.

Definition of Promotion adopted

Before any analysis of the budget is made it is necessary to consider what is included in promotion. It has already been mentioned that Personal selling, mass-selling (advertisements and publicity) and sales promotion are the components of Promotion. Shell has the same idea behind its Selling Program. The Selling Program is the equivalent of the Promotion job, it has the same components.

Sales promotion activities theoretically is distinguished from advertising. Sales promotion activities assist and co-ordinate advertising and personal selling usually through means other than orthodox mass media - Press, Radio/Radiodiffusion, cinema outdoor etc. Promotion activities involve the distribution of free samples, free demonstrations, gift schemes and also other non-recurrent selling efforts.

In the ordinary business sense, sales promotion expenditures are usually included in the firms advertising appropriation, for example, Shell's Advertisement Budget covers sales promotion activities.

Summary points

As Mass-selling is more important than personal-selling or at least utilized more often, it has been thought advisable to deal with mass-

⁴Advertising of four selected Industries by Judy Chia

selling and sales promotion first.

Rothmans (Cigarettes)

Rothmans has a total market share of around 8.2% - 10% of the total cigarette market or 1% of the filter Cigarette Market. Its share of the market is expected to increase with the change from non-filter cigarette consumption to filter cigarette consumption.

As it is relatively new in the Malayan Cigarette Market it therefore concentrates heavily on promotion to establish itself and to create an image. Its annual Advertisement budget is around \$2,000,000 to compare/ 4 - 5 million advertisement budget employed by Malayan Tobacco Company. This \$2 million has been calculated as a percentage of sales, the percentage used is 1.8%.

Allocation of Advertisement Budget

Allocation among the different brands has been calculated according to the importance of the brand.

TABLE VIII

Rothmans Advertising Expenditures (in \$)

| | |
|-----------------------|-----------|
| Consulate | \$102,466 |
| Rothmans | 87,975 |
| Virginia Gold | 25,367 |
| Other brands (agents) | |
| Peter Stuyvesant | 12,183 |
| | <hr/> |
| | \$227,991 |
| | <hr/> |

This gives a total expenditure of \$227,991 spent on press-advertising (approximately 2% of Total Industry expenditure on the press, I.L.C. spends 5% of total industry Press expenditure)⁵.

Although the Press is an important medium for advertising, more is spent on Radio-Advertising (broadcasting). \$270,638 was spent on broadcast as compared to \$227,991 spent on the Press (1962). The amount spent on broadcasting was equal to 35% of the industry total on advertising. Rothmans advertised its 3 brands besides the other brands it was acting as agents for.

TABLE II

Rothmans Broadcasting Expenditure

| | |
|---------------|-----------|
| Consulate | \$209,099 |
| Rothmans | 58,594 |
| Virginia Gold | 2,945 |
| | <hr/> |
| | \$270,638 |
| | <hr/> |

The remainder of 1,501,371 was spread between advertisements in magazines, the Screen bill-boards and posters, cigarette racks, free samples and gifts, and contests.

Location of Advertisement according to product class

Rothman's brands are classed in three classes according to the stages in its life. A new product with special qualities like quality in tobacco, packaging and extra special qualities over the other brands of the same quality market would enter the market as an 'A Class' product, and therefore more promotion would be concentrated on this product. When brand catch on, this product would drop to a 'B Class' product; then advertisement and promotion would be concentrated on competition and other special qualities, and if the product loses its market share steadily, the product then enters a 'C Class' category or 'diminishing' category, and advertisement and sales promotion are reduced steadily.

In the 'A and B Class' Advertisements and promotion will be aimed towards creating a special good or to shift the demand - curve towards inelasticity. But for 'C Class' brands, very little or no advertisement expenditure will be spent at all. This is relatively speaking a 'dead' product. The alternative strategy is to try and promote it in rural and less developed areas where lower quality brands are competing; Virginia Gold is a good example.

Advertisement Media

Rothmans uses various advertisement media and most of these are concerned with visual and written information. These would consist of signs, posters, huge bill-boards on main trunk roads and highways. A lot of posters and signs are especially placed at restaurants and small shops where most of cigarette purchases are done. A good amount is also spent on Cinema advertisements, which is an important media. Exposure of the Media on the screen is about 40% of all shows (in relation to the number of shows per day multiplied by the days of the month (an approximation).

The Advertising budget is variable especially between different months. A substantial amount was spent during its first year in Malaya so much so that for that year 1962 - 1963 the Profit and Loss Account showed a net loss of M8,011. This did not mean 'production at a loss' but heavy expenditure for penetration into the Market. During festive months more is spent on promotion.

Ref: Read "A study of the Promotional Activities of Rothmans of Pall Mall (M) Limited) 1964 by Gerard Robles."

Of the remaining 1,501,371 of the promotional budget around 75% is devoted to audio-visual and bill-board advertisements including neon-signs and coloured lighting. The remainder being taken up by samples, gifts and other miscellaneous advertising.

TABLE XI

Proportionate Allocation of Advertising Expenditure by Media 1962 (Boothmans)

| <u>Media</u> | |
|-------------------------------|-------|
| Press | 15 |
| Broadcasting | 20 |
| Screen | 12 |
| Outdoor | 10 |
| Publicity and Sales Promotion | 43 |
| | <hr/> |
| | 100% |

For Boothmans 'Point-of-Sale', 'Samples' and other miscellaneous items are included under 'Promotion and Publicity (43%)'.

Fraser and Neave (Soft drinks)

Its total Market share is around 25%. The market-share Fraser and Neave (P) Limited has captured is large if we consider the amount of brands and established competitors there are in the market. Given below is the table giving its market share by the size of the product.

TABLE XII

Fraser and Neave (Soft Drinks)

| <u>Size</u> | <u>Urban (%)</u> | <u>Rural (%)</u> |
|-------------|------------------|------------------|
| Large | 36 | 20 |
| Medium | 23 | 15 |
| Small | 29 | 14 |

Its average annual promotional budget is around 899,000. This is calculated on the percentage of sales basis (advertising as a percentage of sales 1.1%).

Once the budget is estimated the next step is to allocate. There is no fixed theorem for allocation. Newspapers, journals, magazines and programmes get 22% (Newspapers and Miscellaneous) of the budget. This seems to be a very large amount. But advertising is done in all languages in the newspapers and magazines and the frequency of appearance is around 3 - 4 times a week (twice on the front page and once in the back page), because the company feels that continual reminders are the best stimulants to increase sales.

Moreover Fraser and Neave also advertises the other brands it is acting as agents for e.g. '7-Up, formerly CoCa-Cola and also for its 'cordials'.

Analysis of Cigarette and Soft drink Advertising

In the Cigarette and Soft drinks industry, a few firms respectively control a high proportion of total advertising in each industry.

In the Cigarette field Rothmans Advertising expenditure (in the Press) as a percentage of total Industry advertising is around 25% and R.T.O. 51% for Broadcasting it is 35% and 45% respectively and both these firms control 76% of Industry advertisements in the Press and 81% in broadcasting.

For Soft drinks a similar concentration is indicated. For example Fraser and Neave does 45.1% of the Soft drinks industry's advertisement through broadcasting.

This naturally is characteristic of their respective market where oligopolistic competition prevails (^{i.e.} where the market is divided among a few competing producers).

An interesting point is whether it is the existence of concentration in the field of manufacturing which gives rise to large scale competitive advertising or whether it is competitive advertising which tends to create and maintain the concentration of the market among a few firms⁶. It can only be noted that there is a close connection between the two phenomena⁷.

I.C.I. (M) Ltd. Paints

The Company estimates its promotional budget by projecting sales figures and then a percentage of Gross sales is allocated to promotion. Forecasting sales for the determination of the budget would account for significant factors related to the Total National personal income of Malaya Factors like (1) the rate of rural development and housing programs in urban and rural areas.

(2) The price of tin and rubber, the main income earners of the greater majority of the Malayan Population.

Exact figures were not given as it was emphasized that this was a trade secret but an approximate figure of RM.200,000/- was given. This would include the subsidy given to the branches in Thailand for the promotion of I.C.I. (M) product there (East Asiatic are the agents for I.C.I. operating in Thailand).

⁶ Similarly the financial weakness of smaller firms may in part be viewed both as a cause and effect of low advertising expenditure.

⁷ "Advertising Campaigns of Four selected Industries" op cit p. 53.

Most of the promotional expenditure is done in the East-Coast as most of available media are found here. But a good amount is allocated for the East-coast in the way of leaflets and intensified sales campaigns. "Participation in rural activity" is also included in the promotional budget as it is argued that this would help their practice and indirectly promote I.C.I.'s goods⁸.

Budget Budget

Lever Brothers spent approximately \$4,500,000 on advertising and sales promotion in 1964. This is comparable to the advertising budget of the Malayan Tobacco Company which has a budget of approximately 4 - 5 million set aside for advertisements. The size of the budget is largely a result of the entry of new competitors especially local competitors like Lee Eoon and Company. Furthermore the nature of the advertising and the number of different goods and brands they cater for necessitate such a large advertising budget.

Lever Brothers use institutional and product advertising.

Product advertising is done for its major revenue earners like Lux (Soap) Meeze (detergent - M.S.D.) and Vim (bleach). No fix amount of expenditure is set aside for any particular brand. The amount allocated is determined by the products market characteristics and competition expected in the future.

The budget is not determined by any set rule (e.g. percentage of sales etc). The final sum that goes into advertising is dependent on the products themselves. Each product is examined separately on its own merits and based on certain factors enumerated below, a certain sum is

⁸ Interview with Sales Manager I.C.I. (M) Ltd.

allocated to each different product. The allocation given to each product will then determine what portion of the money goes to the different media, depending on their effectiveness.

The particular amount of advertising expenditure devoted to each product depends on:-

- (1) Its position in the market
- (2) The competitors' strength
- (3) Effectiveness of available media
- (4) Intentions and objective of campaign
- (5) Profitability of Investment.

As 'Lux' (soap) is a market leader in the soap market)

Market share 53%) only reminders are used, which are not very expensive.

'Brooke's' instead would get a better share of the budget as its Competitor

'Sas' (detergent) is a strong rival (57% of the Market).

The degree of profitability in the investment of advertising for a certain brand is hard to determine, but market research would give good clues. For example heavy advertising is done on "Brooke's" which has a market share of 38%. This is because there is great potential (reference) in the non-soap detergent market (I.S.D.). Only 46.5% of the market use H.S.D., which leaves a potential market of 53.5% or a potential consumption of 32,045,200 lbs. (assuming 100 usage)¹.

¹The above figures were determined from a research project carried out by Colgate Palmolive and Company. This project called "Package Collection Techniques" was spread over 9 months. It revealed that on the average each household in Malaya uses 2.23 pounds of I.S.D. a month, or 26.76 pounds per year. This means that potential consumption by the 1,245,000 Malayan homes = 26.76 pounds x 1,245,000 = 32,045,200 pounds of I.S.D. if assuming 100% usage).

Introductory campaigns e.g. the introduction of "Tempo" chicken essence into the market, are financed from the funds from the corporate revenue.

A good proportion of the budget covers these advertising where the story or/and claim of the Company is carried forward to the audience. Samples and gifts are popular forms of advertising which have a good share of the Budget.

Dunlop Budget

The determination of the promotional budget is calculated by means of a certain percentage of the company's annual turnover. Every year's budget is determined in the previous year. Like I.C.I. (S) Ltd. the year's turnover is estimated and the budget is worked out accordingly. This method has a shortcoming: the estimation may be beyond and above the actual turnover. The remedy given by Dunlops, is that whenever the Sales Department feels that they are not selling up to expectation, reservations say on advertisements in newspapers or other media may be cancelled and thus cut down on expenditure. The Company feels that this method is superior to the quota system or unit of sales percentage method which work on the basis of past figures, which would be equivalent to the cart before the horses. This implies that if past sales were low, the budget for the coming year will also be small and thus ^{would} not be a great help to boost slackening sales.

This method is similar to the objective and Task Approach, which has a designed objective in view. The advertising appropriation should be based on the amount required to attain these predetermined objectives.

The objective is the predetermined sales figure (or turnover) and the amount allocated to the promotional objective would determine on the task to be accomplished. At times if plans happen to be ambitious they are nullified, especially if the appropriation is too small (this would be the case of non-measurable objectives.)

Dunlop tyres are classified by the classes of vehicles using, for e.g. passenger car tyres, light truck, truck and motor-cycle tyres, etc. The expected turnover of each line is worked out and the percentage to be allocated to promotional activities calculated (each line has a different percentage). The figures of all lines are added and the total is spent on the complete range without sub-allocations i.e. there will be no decisions to the effect that \$A will be spent on promoting car tyres or \$B on truck tyres. This differs from Levers which specifies that \$C will be spent on Lux and \$E spent on Broeze etc. However, there is no allocation of the budget among the various media to be used. This allocation is in absolute dollar form.

For last year (1964) an estimated budget of \$2 million was set. Of which \$900,000 went as recurring expenditures like repainting, rent for neon signs and bill-boards (outdoor advertising). The other 1.1 million was allocated to the press, point of sales advertisements, promotion and some miscellaneous advertising. The lion's share went to the press and point of sales advertisements, but especially to the former.

Shell (U) Limited

Approximately 1,824,000 is allocated as promotional expenses for the year. This includes the amount of 624,000 paid to the total sales force. The appropriation for mass-selling is calculated at a "cents per gallon" estimate. "Dollars per barrel" estimates are used for

Industrial consumption (this would be a measure of salesmen's expense)
These estimates are geared towards achieving a target and like I.C.I.
and Unilever the amount to be allocated is worked backwards from the
forecasted target of sales.

But Shell does not always follow this method. The Budget
may be affected or in fact determined by the financial position of
the company and conditions in the Market. It is estimated that the
budgets for 1965 till 1967 will increase progressively, (much higher
than 1963 - 1964) because of the increasing competition in the market
and the loss of market share in the last few years⁹.

This budget is examined and if necessary, revised quarterly,
reallocations are also made. The head-office in Kuala Lumpur lays down
certain laws on the promotional line of which the various branches have
to follow.

Note: The total budget allocated to advertising (Mass-media) alone is
approximately RM, 200,000/-.

⁹ During interviews. Shell's market share in 1954 to 1957
were given as approximately 65%, this percentage has been falling steadily
until the present which is around (53%). This is not because of in-
efficiency but because of increased competition from Esso, Caltex,
Standard (Mobil) and British Petroleum (BP).

CHAPTER VII
THE STRATEGY

The Promotional Strategy would involve the type of Media chosen, the Promotional blend, between the three Promotional weapons and scheduling the promotional programs (e.g. scheduling of media exposures).

Local businessmen and concerns do not draw a distinction between the orthodox Mass-media and sales promotion. Expenses for Trade-shows, point-of-sale displays, novelties, publicity circulars and other promotional circulars are all included in the Advertisement Budget. But the nature of the product would dictate how much should be allocated to sales promotion.

Many Media can be utilized by the firm but not all will be equally effective. An essential aspect of the advertising campaign involves the evaluation of particular medium to determine the efficiency in carrying the firms advertising and sales message to potential and present customers.

Some objective aids in evaluating particular media, press, screen, outdoor, and the broadcasting medium are available. These include published data on

(1) the quantitative coverage of the particular medium - the circulation of publications, weekly cinema attendances number of mail subscribers (Radio/television) etc., and also the 'costs per quantity' of advertising in the specific medium.

(2) the characteristics of the medium - its geographical coverage, the income groups reached and to an extent the language or racial groups covered¹.

¹-Advertising Campaigns of firms in four selected Companies²
of Judy Chia.

The first type of information is readily available through media rate cards² and the second is partly determined by research or by statistical information supplied by media owners.

It is difficult due to lack of good studies to compare the relative effectiveness of media - the visual effect of the Screen or the press with the audio effect of Broadcasting. The effectiveness of the firm's message depends upon how many potential customers are likely to see it in the press or hear it over the air; also on the impact it makes on them.

These are generally subjective factors and are largely as yet undetermined.

Cost Factor

Most media are offered on a cost per-something basis; cost per thousand per column per inch (Press) or rate per week (secs) for Screen advertising³. This is objective rather than subjective and usually assumes primary consideration in the firm's choice of Media.

There are two aspects to the financial side of media selection.

- (1) Absolute Cost
- (2) Relative Cost.

²Useful data on local Advertising facilities can be found in "Media Rates and Data" by Cheong Sin Joo, Press Advertising Year book 1963 and in the Screen Advertising year book 1963, published by the Malayan Advertisers Association and the Association of Accredited Advertising Agents Malaya.

³See Chapter III.

The absolute cost is the actual amount paid for units of space, time of advertisement, frequency of exposure and quality of media. The relative cost would consider the size of the audience and homes reached, readership subscription etc. There are two methods to ascertain the relative cost (only approximately)⁴

(1) Cost per thousand Method

$$= \frac{\text{Page Rate}}{\text{Circulation}} \times 1000$$

(2) Milline Rate

$$= \frac{\text{Rate per line}}{\text{Circulation}} \times 1 \text{ million}$$

The cost per 100 concept reverses the page rate which has a lower circulation and therefore has a lower cost. But before a company uses any method of ascertaining cost of media it ought to have a certain amount outlay.

These methods are useful to compare media of the same type but they would not be useful in comparing different media e.g. radio and newspapers, for here there is no relative comparative measure. For making these comparative figure it would be better or in fact necessary to screen the circulation figures to that amount of direct readers, viewers or listeners.

Availability of Media

The other variable is the availability of the Media. This is an important factor, for if Media which has been gauged as the most suitable, are suddenly ruled out because of the absence of that media in

the advertising environment of that area, it would mean a waste of resources in the selection of media. For example commercial television advertising does not exist in Malaya (to a limited extent in Singapore). The inavailability of certain media may be because of the taboo of the media, e.g. some newspapers may refuse to advertise for cigarettes and alcohol (because of the bad social effects of the products). This type of example may be existent in social and welfare conscious countries.

Effectiveness of the Media

The measurement of effectiveness is more difficult than measuring the size of the audience. Various tests are utilized e.g. (i) Starch Test (readership method); (ii) Triple Associate Test (to determine registration of campaigns theme in the consumers mind); (iii) a special device - Auditing Meter (to give T.V. and radio ratings, availability of channels by audience etc.) The third method is the most objective in approach but it is too expensive. Most of these methods are carried out on a sample basis and therefore are subjected to approximation and sampling errors.

The Starch Test seems to be the most popular in Malaya. Shell Company (M) Limited has mentioned that it has carried out such tests to evaluate the effectiveness of their advertisements. Usually the mention of certain gifts or samples are included at the middle or bottom of the advertisement column and the number of enquiries for the gifts and samples will register the effectiveness. Shell and Rothmans do send out their own men to survey the impression of advertisements/^{on} consumer mind. Shell Company (M) Limited did such a survey in the East Coast in 1964 with the same purpose in mind.

Personal opinion and arbitrary expenditures

Further, during the course of interview it was observed that the Company's utilization of any particular medium is often based on personal opinions (preference or preconceived opinions on the medium), personal or business connections (friendship for media owners, reciprocity for orders received) or purely arbitrary sales promotion expenditures (distribution of free samples of soft drinks and cigarettes at charitable or other functions).

Generally the allocation of the advertising appropriation is usually a question of experience and judgement on the part of the advertising manager/proprietor. The recommendations of the experienced sales representative is especially useful. Always the aim is to reach as wide a market as possible at the most reasonable cost and within the determined budget.

Allocation

The media combination that will best suit the advertising client and the firm's objectives, vary for each individual company. Each company within each industry emphasizes particular medium/media as characterized by greater proportionate allocation of advertising expenditures. In most cases, smaller allocations through other media (presumably less effective and/or too costly) reinforces the selling message of the firm. Allocation also depends heavily on the nature of the product and the advertising environment. For instance more will be allocated towards advertisements in newspapers than to scientific or industrial journals and magazines for cigarettes whereas Shell would advertise more in the above journals and magazines for its chemical and industrial fuels, than in the daily newspaper (excluding advertisements for gasoline).

For each firm the allocating of the advertising budget to each medium involves details and complexities (schedules of rates, costing for each medium, detailed breakdowns for introductory advertising and longer periods timing etc.). The following discussion will attempt only to trace and compare various company's selection of specific medium, omitting the details of media allocation.

Malaya (Cigarettes)

On an industry wide pattern, most firms allocate a high percentage of their advertising budget to the Press and/or Broadcasting.

The policy of the Malaya Tobacco Company Ltd., aims at an effective co-ordination of all media. The objective of creating brand name requires the utilisation of all media simultaneously. This creates a wider impact - the consuming public is 'hit' from all sides. Broadcasting takes a slightly higher proportion of the advertising budget (22%). The bulk of commercial broadcasts consists of spot announcements for most brands (including jingles on other brands) over a given number of months. Heavy scheduling and high frequency for a particular brand may be followed by heavy commercials for another brand as the old "campaign" for the earlier brand tapers off⁵.

Frequent repetitions over the air at peak listening periods, early mornings, mid-day or evening (see Chapter III - Chart I) gives an important coverage at low cost. This factor of frequent repetitions of announcements at low cost per unit gives commercial broadcasting a distinct

⁵Advertising activities of four selected Industries"

advantage for generating maximum brand familiarity.

Newspaper advertising provides the product with the advantage of introductory impact for advertising a new brand and often for maintaining brand image of established lines. Large display space, colours and eye-catching positions create the necessary impact and prestige, servicing at the same time as an important attention getting device.

For Rothmans, Press advertising provides the necessary coverage for reaching smokers everywhere and at all income groups. The language of the publication utilised depends largely on the income levels of the potential and present consumers for each brand. The Straits Times is the main medium for its higher priced brands.

Sample distribution, point of sale and other publicity expenditures included under 'Sales Promotion' expenditure comprise a high proportion of the total budget. For low priced brands, the distribution of free samples is an effective and economical method of pinpointing the company's best prospects and ensuring that consumers use the product directly.

Rothmans spends around 35% of its Advertisement budget on the Press and Broadcasting and approximately 15% on Sales Promotion and Publicity. These two weapons are important in passing the Company's message and image to the consumer to convince him that Rothmans is the best cigarette money can buy.

Drinks (Fraser and Neave)

Fraser and Neave like Rothmans relies on the printed media. It spends around 22% of its Budget advertising in the Press, Magazines and Journals including programmes for festive occasions. But unlike Rothmans greater emphasis is paid to samples or gifts. These come in the form of gifts of glasses, tea-sets and free cases of aerated water to charity

organizations and charitable or national fund raising occasions. The amount allotted for this purpose is around 231,930 or 27% of the Budget (1960). Outdoor advertising like bill-boards neon-signs posters and advertisements on bus-benches account for 5188,940 or 22% of the budget.

It was emphasized by Fraser and Neave that most of the expenditures e.g. Samples and gifts were for the sole purpose of maintaining the Market share and their established name. Prestige too is greatly sought for. They also provide catering services for Drinks during sales and celebrations and because of this they lose around five to seven thousand dollars because of breakage of glasses, loss of glasses and other related losses, this amount is included as samples and free gifts. Since the Company has established its name and reputation only a small amount is allotted to Sales Promotion only 460,130 is set for the maintenance of ice-bars at important retailer outlets, Restaurants, Coffee-houses and Clubs, unlike Rothmans which sets around 430,000/- for sales promotion and publicity.

Here we see that although the companies are producing consumer convenience goods allocations of the advertisement budget to the different media differ because physically the goods are not the same and more important the promotional objectives differ.

Example (I.C.I. (M) Ltd.

I.C.I. (M) Limited indicate a relatively high concentration of advertising in the press, particularly in the English Nation. The Press is the most economical and effective medium available, apart from this the Press offers two factors which are particularly important to this product which satisfies the right sense and the demand for it.

(1) an important coverage of urban areas thus reaching the

and prospects for the demand of paints, in terms of purchasing power⁷

(11) Effective visualization and display of the paints and the important colours available.

Advertising for paints requires more information, advertising is selling points than a packet of cigarette or a bottle of soft drinks. Advertising copy in the Press facilitates the feature of prices, and technical points in addition to other persuasive remarks. The nature of the product requires this type of information media, as this good is bought with greater economic considerations taken before the purchasing. It is typical of a shopping good.

Radio advertising accounts for 15% of the Budget, a great difference as compared to Press advertising this is because Radio advertising and other things, lack the advantage of visual display which is essential in advertising paints which are to purposefully produced to satisfy the eye senses.

The Company (I.C.I) uses Screen advertising (13%) to support the main media, the Press. It feels that it would be dangerous concentrating much on the screen because most competitors use this media, and they feel that the audience is usually confused by the number of advertisements. Therefore the effectiveness of the advertisement is destroyed. But in fact across the company emphasizes on cinemas (slides). This is because cinema-going is considered as a big occasion to the people here and because while everything seen from slides to the film are watched attentively and therefore the impression gained from the advertisement will be effective.

⁷Note the high correlation between purchasing power and literacy.

A good amount is spent on television advertisements in Singapore and the same trend will follow when this medium is available in Malaya. The purpose of utilizing this medium is to get into the homes, where the product is needed and to convince the house-wife that they need I.C.I. paints.

As the house-wife is becoming an important purchaser of the paint requirements of the home and since she must often dictate the furnishing of the home, a good amount of advertising is done in Ladies magazines and home decorating (g.).

Media of advertising (Lever's)

According to Lever Brothers terminology media of advertising can be broadly divided into Theme Media and Scheme Media.

Theme media would include, the press, broadcasting and the reason for the central idea behind these media, is the conveying of a theme message to the consumers.

Theme media include

(a) Direct to consumer activities - this includes house to house selling, free samples, participation in trade fairs and market selling i.e. where a stall is temporarily set up in the market in the morning and sales are carried out on the spot).

(b) Consumer promotion or Consumer offer. The difference between (a) and (b) is that in (a) the consumer is approached directly while in (b) the Consumer offer is always carried out through the trade. An example of this type of scheme media is where Levers blend together two brands of "Brooke" or/and of "Lux" soap (ON-PACK offer) which is then bought by the consumer from the retailer. There is also another type of consumer offer i.e. IN-PACK offer - this is illustrated by a towel

being included inside a packet of "Surf".

(c) **Redemption** - where the consumers send in "Lux" soap wrappers with a slogan and Lever Brothers offer them a prize

(d) **Trade offers or stimulants** - such a discount is offered to the trader as against the consumer. Such trade discounts serve as incentives to the trader to buy more during that period. The discounts may be a bonus to the trade for the quantity purchased e.g. allowing the trader to pay his debts within 3 months.

Media Selection

The Selection of any type of media depends on the product itself (as mentioned in Chapter VII). If the product is widely consumed then the product requires a lot of advertising and therefore all types and schemes media are used. Where the products have small markets, advertising on the screen or broadcasting would be a waste, trade assistants will be resorted to, so as to stimulate sales through the dealer.

The emphasis to-day on advertising for toilet preparations is the need for colour and beauty. The best medium to get this message to the audience is the screen, this accounts for around £1,051,000/- spent on this medium. For the same reason, little advertisement is done through the Press because it is only able to provide a black and white medium.

Lever's beliefs that Broadcasting is the most efficient and a relatively cheap medium. The spoken word is a better method of passing a given message, as it is easily retained. Furthermore the audience are drawn to these messages and do not usually avoid them, (unlike the message to be read).

TABLE XXI

MEDIA USED-LEVER

| MEDIA | Radio and Recruitment | Press | Cinema | Television | Point of Sale | Others | Direct to Consumers | Consumer offer | Trade Stimulant | Redemption | |
|------------------|--------------------------|-------|--------|------------|------------------|--------|------------------------|-------------------|--------------------|------------|--|
| <u>MARGARINE</u> | | | | | | | | | | | |
| Leve Margarine | ✓ | | ✓ | | | ✓ | ✓ | | ✓ | ✓ | |
| Leve Shortening | | | | | | | | | ✓ | | |
| Leve Shortening | | | | | | | | | ✓ | | |
| Leve Veg. Ghee | | | | | | | | | ✓ | | |
| Leve Cooking Oil | ✓ | | ✓ | | | ✓ | ✓ | | ✓ | | |
| Leve Cooking Oil | | | | | | | ✓ | | ✓ | | |
| Leve Essence | ✓ | | | | | | ✓ | | ✓ | | |
| <u>SOAP</u> | | | | | | | | | | | |
| Leve Soap | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Leve Toilet Soap | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Leve Soap | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Leve Toothpaste | | | | | | | | ✓ | | | |
| Leve Budget | 29% | 2% | 23% | | 6% | 3% | 25% | | 9% | * | |
| Leve Dollars | 134 | 230 | 1058 | | 276 | 138 | 1150 | | 414 | * | |

Note: A study on the Promotional Activities of Lever Brothers by Cheong in Cheong.

Notable below 1,000

Note: Information got from interviews -

Leve brands

Dunlops (Consumer and Industrial)

To begin the strategy, Outdoor advertisements are important for the product (tyres) it is promoting, especially near the main trunk roads where most customers usually are. The advertisements here promote all types of tyres not one particular type. e.g. "For everything on Wheels - A tyre by Dunlop". These outdoor advertisements are generally doubled sided i.e. V-shaped. The cost of one bill-board would cost approximately \$4000/- (including rent, painting and license fee).

The press is used as reminders to support out-door advertisements (all languages). All these have advertisements selling the whole range of tyres. Then specific papers are selected for specific lines Straits Times is generally used for Consumer and Industrial advertising as this paper has the largest circulation in Malaysia and because the higher income groups read this paper⁸. For bicycle tyres the Tamil Mesan and Utusan Malaya are used, for the lower income groups usually read these papers.

Audio media are used to support as reminders too, especially for the illiterate who cannot read. Statistics show that there are approximately 465,000 Radio sets (licensed) and about another 35% of unlicensed sets giving a total of approximately 625,000 sets at 33% of the total households in Malaya.

Dunlops also sponsors exhibitions and Tournaments (namely the Malayan Grand Prix). At exhibitions the pavilion is staffed by trained and skilled personal of the sales force, these offer economic and technical advise to promote the product. This type of strategy is especially

⁸High-correlation between literacy and income-level.

important for this product because of its industrial and technical nature and buyers are usually motivated by economic motives (Consumers and Industrial buyers). At both exhibitions and tournaments elaborate campaigns are carried out with bill-boards, banners, etc. These help to complete the promotion cycle.

Point of Sale advertisements are used to complete the promotion cycle, these give information on supply points and retailer outlets. These come in the form of tyre racks and enamel plates i.e. sign plates. These serve two functions.

- (1) they tell customers where Dunlop tyres are available
- (2) Act as final reminders at the place of purchase.

These material are supplied by Dunlops free of charge. They are taxable and dealers generally pay the taxes, but in some cases Dunlop carries the tax burden too.

Good supplier and dealer relationship is an important promotional objective. The dealers are confided in, for the execution of programmes etc, and they are supplied with information through bulletins, on market characteristics and technical improvements in the market. Pamphlets and leaflets are given to dealers to distribute among customers, gifts and novelties are also distributed to customers to woo for their loyalty.

Shell (Consumer and Industrial)

Shell advertises its products on a Company image (prestige quality) and not on a particular type of good. But it carries out Sales Promotion for specific objectives, like introducing a new brand, or trying to retain the market share of a product facing stiff competition. Campaigns for new products get the same treatment but are simultaneously

backed up by point of sales advertisements through retail outlets⁹.

Shell believes that good strategy begins with the retail outlets, therefore good Company, retailer relationship has to be procured, like whenever the retailers are given information on improved production, and Shell sponsors the training of retailers and campaigns to improve efficiency.

Most of the Promotion is to instill in consumer minds the Company's image (as mentioned earlier). Thus the press and Broadcasting are utilized for the objective - "Happy Motoring with Shell".

Approximately \$319,000/- and 60,000/- are spent respectively on these two media. The Screen receives a good amount to act as a reminder (\$100,000/-). Very little is spent on scaples and posters that their expenditure is insignificant.

The Company believes that good promotion is to satisfy the customer at the point of purchase in the way of distributing gifts, prizes and competitions. 290,000 is spent yearly to give the supply-outlets a 'Happy' feeling, a step nearer 'Happy Motoring promised by Shell'.

Very little promotion is done through the mass-media. At times Industrial fuels are mentioned in the consumer advertisements. The only media used for Industrial fuels are trade and technical journals. Most of the promotion of Industrial goods are done through personal selling or the chemical sales force.

⁹ Shell has 600 selling points in Malaysia consisting of 200 service stations (including filling) 300 filling stations and 300 kiosk carside pumps and drive pumps (minor outlets).

TABLE XIII

Comparison of Mass Media Allocation (including Sales Promotion) allocation (%)

| Medium | F. & H. | Rothman | Lever | I.C.I. | Dunlop | Shell |
|-----------------------|---------|---------|-----------------|----------------|--------|-----------------|
| Press | 11 | 15 | 5 | 52 | 30 | 31 |
| Broadcasting | 8 | 20 | 29 | 18 | - | 6 |
| Screen | 6 | 12 | 23 ¹ | 13 | - | 16 |
| Outdoor | 22 | 10 | - | 4 ³ | 22.5 | 18 ⁴ |
| Gifts/Samples | 27 | - | 25 | - | 5 | - |
| Point of Sale | 8 | - | 6 | 5 | 10 | - |
| Publicity | - | 8 | - | - | 7.5 | - |
| Sales Promotion | 7 | 35 | 9 ² | - | - | 29 |
| Magazines | - | - | - | 8 | - | - |
| Trade Journals | - | - | - | | - | - |
| Miscellaneous | 11 | - | 3 | - | - | - |
| Recurring Ad. Expt. - | - | - | - | - | 25 | - |

Note: Broadcasting includes Radio and/or Rediffusion.

Amount allocated to media less than 0.5%.

- (1) The percentage stated for screen (Lever) includes expenditure on television.
- (2) Sales promotion figure for Lever (consist largely of Trade stimulants)
- (3) Outdoor advertising for I.C.I. would include the distribution of pamphlets and leaflets to the urban and especially rural areas where other forms of good advertising are scarce.
- (4) Outdoor advertising for Shell would include advertising on bus-banks
- (5) Recurring Ad. Expt. for Dunlop including - painting of Vans rent for neon signs - upkeep of bill-boards.

Figures were given during interviews and those for F. & H. and Rothmans were extracted from "Advertising Activities of four Industries" by Judy Chia.

Comparison of the Mass-media used by the different Companies

The Press is obviously the most widely used medium. Broadcasting and the Screen Account for the next greatest share, but we notice that Broadcasting and the Screen is not used by Dunlops (M) Ltd. It is their opinion that their potential customers will not be effectively reached through such media. In fact all Companies in the Tyre Industry tend to stay away from Television and Screen advertising, because it is too expensive and further more the profits from the trade are too small to justify such expenditure.

Outdoor advertising seems to be popular among Companies catering for owners of automobiles or other means of transport (i.e. Shell and Dunlops). Fraser and Neave concentrates on this type of advertising because of its low cost and effectiveness (opinion of Fraser and Neave Company (M)).

Fraser and Neave and Lavers have a good proportion of their budget in Gifts and samples, this may be a result of the low-priced goods, they are producing. Further more, competitive advertising between Lavers and Colgate Palmolive Company (Lavers main rival) in gifts and samples seems to be one of the most effective weapons for competition. These take form of the binding of two products (e.g. soap) for the sale of one. This gifts and samples media come under the Scheme campaigns (explained in Chapter VII).

The low percentage of allocation of the budget among items like Point of sale advertising and Publicity indicate that the nature of Promotion undertaken by companies in Malaya have not entered into sophisticated advertising.

Furthermore the amounts allocated to promotion indicate that promotional strategy in Malaya has not reached any comparative level with that seen for example in the United States or even in Japan. The average amount, put aside as Promotion expenditure, is approximately \$1,920,000. This does not seem that big if we consider that the six companies involved are the biggest in the industries they are involved in. The author is in no way trying to suggest that there should be very great increases in advertising expenditure in the future but that more interest in the strategy of promotion as a weapon against competitors should be emphasised.

TABLE XXIII

Total Budget (Advertising Expenditure)

| | |
|---------------------------|------------|
| * Fraser & Neave (M) Ltd. | \$ 650,000 |
| * Rothmans Company | 2,000,000 |
| * Lever (M) Ltd. | 4,500,000 |
| I.C.I. | 1,000,000 |
| Danlops | 2,000,000 |
| * Shell (M) Ltd. | 1,500,000 |

Note * Includes Sales Promotion expenditure.

2.3 Strategy

This is an important weapon in promotional strategy. The various companies interviewed have emphasised that in advertising a product especially in its competitive stage requires an advertising theme that stands superior over others - an unusually good copy approach or jingle, in order to get the attention of the customer. Most campaign plans in the past have given insufficient consideration to creative copy and Media strategy has been in the main more quantitatively orientated but Companies

and beginning to see the value and importance of jingles and copy strategies that more emphasis is being given to this and especially originality in the themes.

It has been noted that in the various frequently advertised cigarette brands in the daily press the most common advertising themes are utilized, based on 'smoking pleasure', with alternating emphasis on such qualities as 'rich', 'cool', 'fresh' and 'lively' not forgetting 'king-size flavour'.

These words and phrases, particularly 'quality' and 'economy' have become so hackneyed as to be almost trite. The public expects these qualities.

The ensuing struggle of comparable and competitive claims is apt to create little attention or interest among the consuming public. Further loose claims often generate distrust, confusion and scepticism¹⁰.

Finding fresh campaign ideas is an enviable task. 'The cleverest brains in the agencies have no more ideasaccounts change hands in vain..... Large space and frequent repetitions seems to have done more to procure sales increases than any other factor. It would seem inevitable that the advertiser with the largest purse will win¹¹.

¹⁰Advertising Campaigns of firms in four selected industries" op cit p. 70.

¹¹As quoted by F.A. Taylor in the Economics of Advertising (London: Allen and Unwin 1934) p 113.

But looking on the brighter side of it all some companies have created original themes which they feel are doing a tremendous job in increasing sales for example "Go, go, go with Super Shell"¹². But it must be admitted that this opinion is subjective and may be bias. In any case some other companies have created jingles of such quality that with it go the reputation of the company and the quality of the product.

Conclusion

What is the best Medium? There is no simple answer to the question. This depends upon

- (1) the promotional objectives
- (2) The funds available to accomplish the objectives
- (3) The target market
- (4) The market coverage of each medium.

It has been seen that the market for most or in fact of all the consumer goods examined are "mass-market" then obviously mass media like the Press, Broadcasting and magazines have been found most economical.

Availability of funds especially in Shell's case has had a say in the determination of the Budget and therefore the media to be used and needless to say objectives have been the main determinants of media chosen, especially for the Companies (i.e. Dunlops, I.C.I.) using similar methods to the Objective and Task approach, for estimating Budget appropriations.

In evaluating and Selecting Media most Companies have agreed on the difficulty of this problem. Agreement was spontaneous on the procedure of approaching the core of the problem, that in good media selection, the strategist should first clearly specify his target markets.

¹² This is the opinion of the Sales Manager of Shell Company given during the interview.

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¹² This is the opinion of the Sales Manager of Shell Company Ltd., given during the interview.

The next step is choosing media which are heard, read or seen by these target customers. This is the major stumbling - block to effective media selection, because it is not always clear who sees or hears what. To be sure most of the Companies carry out marketing research for their major media to develop profiles of the audience they deliver. Some have broken down their audience by sex, age, income, education, occupation place of residence, for example certain type of aerated drinks are preferred by different races e.g. Chinese favour orange Sarsiparilla and Ice-cream soda, Indians Ginger Beer and Ginger Ale and Malays Cherrryade, thus all advertisement for these would at times emphasize on racial groups. Similar examples appear in the demand for the goods of the other Companies. But to date, there has been little standardization of audience measurement.

Most Companies/^{find} the need to compare different types of media a difficult problem. It has been argued for example that it is hard to compare the effectiveness of media which are different e.g. Visual and radio. Furthermore, it is difficult to know whether people read each page of a magazine or how many are listening to each radio. How many persons read a particular magazine or listen to a particular program over a period of time (the cumulative audience) is also important, so the advertiser will know whether to repeat his advertisement in that particular medium.

Confronted with all these problems and with the lack of good and reliable information on the advertising environment, management has found it hard to convey the message in the most effective way desired. Most of the Companies do not carry out the promotional job all by themselves¹³.

In all the industries surveyed, organised promotion comprises

¹³Interview with the various companies.

promotion department or in some cases advertising department and an advertising manager. For some firms, advertising is often delegated to the sales or marketing manager.

All the firms interviewed, even those with their own advertising department, employ an outside advertising agency to prepare and often to control their advertising¹⁴. The agency's part in an advertising campaign varies. In the absence of advertising and marketing personnel, some firms may completely rely on the agency to plan and conduct their advertising. I.C.I. for example has a liaison officer to co-ordinate the advertising job between the Company and the agent in cases of disagreement, the agents and the Company's representatives meet and discuss the problem. Shell on the other hand plan their own advertising campaigns and require the agency to act in a limited capacity only, in the physical and mechanical preparation of the advertisements.

In any case, advertising decisions are subject to the final approval of the firm.

Personal Selling

Personal selling is a component of the promotional job. The ratio between personal selling and mass selling varies between different goods especially between consumer and Industrial goods, because of characteristics of the goods already mentioned. Often, a personal presentation is the best method of communication. But the major drawback of personal selling is its relatively high cost per contact. Where a

¹⁴ Most media owners prefer to deal with agency personnel who possess more specialized knowledge of advertising procedures. The greater proportion of local advertising is done by the agencies than by companies e.g. 95% of all commercials in Radio Malaya are placed by the agencies.

promotion letter or an advertisement might reach thousands of prospects at a cost of a few cents each, personal contacts are far more expensive.

It is for these reasons that promotion usually blends personal selling, sales promotion and advertising. Each has its strengths and weaknesses, but they can be blended so that each one is used most effectively - and at the lowest cost per dollar of sales.

Strategy in Personal-Selling

It is believed here, that in personal-selling there exists a strategy to be fulfilled by the Company and the salesman. The Company is more important in this exercise, therefore a study in this matter will be done. There are three steps towards attaining a successful company strategy in this matter.

- (1) The selection of a good sales force
- (2) Proper training to set a standard of efficiency in the sales force.
- (3) Compensating and Motivating Salesmen so as to give incentives for sales increases.

These three steps are comparable to 'Media selection' and 'budget expenditure' in Mass-selling, and as these two are strategies so too are (1) the selection of Salesmen (2) the Training of Salesmen and (3) the compensating and motivation of the sales force.

Selecting Salesmen

It is extremely important to obtain good, competent salesmen. But since descriptive terms mean different things to different companies, a careful job analysis and job description should provide the basis for the selection process.

The selection of salesmen in most companies is a hit-or-miss affair, normally attempted without any job analysis or serious thought as to exactly what kind of man is desired. Friends and relations are frequently employed in some of the local enterprises (Chinese Clan-Co-operative practice). This approach has contributed to poor sales and high personnel turnover for many companies.

Progressive companies like Shell have attempted to use more scientific procedures, including the use of application blanks, single or multiple interviews (a potential employee of Shell usually goes through 2 interviews before he is finally selected) with various executives, letters of recommendations and psychological tests. The personality and characteristics of an applicant may be compared with successful salesmen on the job. Unfortunately, none of these techniques can guarantee success in selection. But quoting Mr. Knox, Personnel Manager (Shell), "Only experience in hiring salesmen have shown that these procedures are more effective than having no selection at all and in most cases, prove to be successes."¹

But it was pointed out that one of the stumbling blocks in the selection of salesmen may be that the effectiveness of salesmen depends on the kinds and personalities of the companies customers.

Hiring Salesmen

It is not possible to have a successful sales organization unless the salesmen are told what is expected of them and shown how to accomplish these goals. A job description is helpful in telling the

¹ Interview with Mr. Knox on Methods of employment of sales force on the 28th March 1965.

salesmen what is expected of them. But showing them how to accomplish their duties is more difficult, as man may be hired with different backgrounds, skills and levels of intelligence.

Generally the Company's sales training program should cover the following fundamental areas.

1) Company Policies and Practices

As salesmen may be the only company representative that a customer ever sees, he ought to be thoroughly familiar with the Company's policies with respect to credit, size of orders, dating of invoices, transportation costs, returned goods privilege, and pricing. The salesman must be thoroughly familiar with the procedures concerning reports expected from him, expenses and their control, attendance at sales meetings and other requirements. As far as company practices are concerned, the salesman must thoroughly understand internal procedures so he can assist his customers in expediting orders, securing adjustments, and generally making it easier for them to deal with his Company.

2) Product Information

The amount of product information a salesman needs depends on the type of job he will fill and the diversity, extent, and technical complexity of the product line. The important thing is that the salesman have enough information to be able to satisfy his customers - considerable information is required by salesmen employed by Levers whereas Rothmans does not require that its salesforce is educated in the actual content of the product.

Selling Techniques

Many companies are finding it more suitable and profitable to train salesmen in the selling methods they wish them to use. They rely

less upon the born-salesman.

Rothmans has pointed out that most companies neglect training their salesmen in the technique of selling, because they feel that this technique is innate in all people hired as salesmen. Salesmanship should be taught through observation, trial demonstrations and sales presentation as well as the analysing of customer behaviour³.

Stimulating and Motivating Salesmen

Most companies use monetary motivation, but it should be noted that public recognition, sales contests, and simple personal recognition for job well done, may be highly effective in stimulating greater sales effort. Shell has made a move towards non-monetary motivation, bonuses are not practised any more, these have been included in the total salary, compensation would come about through, higher annual increment or promotion. Colgate-Palmolive (M) Limited practised Sales contests as a motivator of sales last year, by offering prizes to (1) Sales Supervisor of the month; (2) Best Salesman of the Month⁴ for each area (Pan-Malaya divided into 5 areas).

There are three basic methods of payment (1) Straight salary; (2) Straight Commission; (3) a combination plan. Straight salary usually supplies the maximum security for the sales and straight commission the maximum incentive. These two represent extremes, the combination plan is the most popular with the six companies involved in this exercise. This plan would include a salary and some commission and fringe benefits

³ Interview with Rothmans of Pall Mall (M) Limited.

⁴ The Palmolive Malaysia No. 1 1st Quarter 1965.

such as contribution to the Employment Provident Fund, bonuses before Chinese New Year or other festivals of the year of the salesman's choice etc.

The method of compensating depends in large part upon how serious the company is for immediate sales versus long-range development of the market. In most cases the longer-range objectives take precedence and for these objectives the popular salary plus commission or bonus is used.

Personal Selling Methods adopted by Fraser and Neave

Personal selling adopted by Fraser and Neave is directed at the wholesalers, retailers, Coffee-shops, bars, hotels and restaurants. This is a bid to maintain goodwill with these wholesalers and retailers and to persuade them to store the company's products. Mass-selling tends to create a demand for the product, personal selling gets the supply outlets to satisfy the created demands. Personal selling, therefore is a co-ordinating step in the over-all promotional activity.

The market of the Company's products is divided into six regions, which are controlled by the head office in Singapore and five other branch offices.

1. Singapore (H/O) (Singapore and South Johore)
2. Malacca branch (Malacca and North Johore)
3. Kuala Lumpur branch (Negeri Sembilan, Selangor, Pahang, Kelantan and Trengganu)
4. Ipoh branch (Perak, Slim River to Taiping).

In each of these offices, a sales force is maintained. These salesmen go out to the various regions under the control of their branch office regularly to solicit for orders from, and sell their products to

wholesalers and retailers.

This direct personal selling is very important in the sales promotion of the company. It accounts for a very large proportion of the sales of the company. In the Kuala Lumpur branch office region, direct personal selling accounts for about 45% of the sales in this region. The other 55% consists of orders from various households, institutions (schools company canteens etc.)

The salesforce employed in the Kuala Lumpur region consist of 10 salesmen assisted by 20 lorry attendants and about 20 lorry drivers, apart from the delivery vehicles that are used to deliver goods ordered by dealers themselves.

The salesmen actually do not have much difficulty in selling the company's products to wholesalers and retailers. Primarily, it is because the goods are well established and nationally advertised (moreover the turn-over rate is high). Also important in this connection is that the company has a sensible price maintenance policy which offers reasonably high profits for the dealers and retailers. The wholesalers and retailers are therefore willing to handle the products of the company without much persuasion. The nature of personal selling at present would be more aptly described as maintaining good-will with the wholesalers and retailers by supplying them regularly with the goods for which there is a growing demand⁵.

Fraser and Neave place alot of emphasis on the selection of salesmen, but do not carry-out any specialized training program for the salesforce, as the job of the salesman is not so complicated. The salary

⁵ - A study of the promotional activities of Fraser and Neave Limited" by Yock Eng Chooi.

-the commission method is followed (details were not given as they were considered as company secrets)⁶.

Personal selling activities of Rothmans

Although promoting a convenience good, Rothmans relies alot on the efforts of its sales force. This sales force functions, at keeping the channels of distribution as well equipped as possible and to supervise the mobility of stock and sales. The Company's objective in personal selling are:

- (1) To maintain goodwill with the retail outlets (advising and receiving their problems).
- (2) To see that the right amount and type of stock is kept with the retailer.
- (3) To control distributive and actual sales- for quality control.
- (4) Conversion of other brand cigarette smokers.
- (5) To collect necessary data for the promotion of the company's products⁷

Distributive sales, are sales to the retail outlets and actual sales, are those made to consumers. Therefore if actual sales are slower than distributive sales then the problem of the perishability of the product becomes serious. Cigarettes have a shelf-life of four-weeks, if actual sales lag behind distributive sales for more than four weeks, it would mean a serious setback to quality and promotion. Therefore the personal seller is supervising quality control (through the control of distributive and actual sales, indirectly promotes the Company's product. Over-stocking is bad and so is understocking, to the promotional effort, here the personal seller contributes to promotion through supervision of stock.

⁶Interview with Fraser and Neave 22nd April 1965.

⁷Refer "A Study of the Promotional Activities of Rothmans of Pall Mall (M)" by G. Robless.

To execute the above tasks successfully the salesforce goes through a training program, which lasts for some 3 months during this period the personal seller gets to know the objectives of the firm, the cigarette market and the Company's competitors. He is also trained in the sciences of stock-taking, psychology the art of conversation, and marketing tactics employed by the firm. Although there exist such training courses, these courses compared to those taken by Industrial companies like Shell and Dunlop for their salesforce is incomparable.

Bothmans follows the combination plan for compensation of its salesforce. They are given a salary and a variable commission (variable with sales). The salesman here, starts with \$350/-, with good sales during the month he can earn another \$300/-. Moreover the salesforce is provided with other fringe benefits like free transport retiring funds and free daily consumption of cigarettes). The Company emphasises more on monthly commissions rather than annual ones, as they believe that this method would supply them with immediate results (increase sales).

Sales Log-book and the sales-force

Every salesman and distributor is equipped with a Cash-Sales-log book for every retailer. The purpose of this book is to keep accounts of what the retailer owes the company, not only this it is also a means to measure the amount of sales, the speed of it and which areas of the market prefer any of the company's brands. Another important objective of this book is to aid the salesman to 'stock-take' each shop as he renews his rounds of distribution every week, thus assisting the personal seller in quality control.

Furthermore this Cash-Sale log book helps to determine the

classification of advertising campaigns in different areas, and to give the results of these campaigns or effectiveness of different media. Not only does it give information of consumption in each particular area, but also during particular months and seasons.

1.1 Selling in Industrial Companies

Selling

Dunlop relies to a great deal on its salesforce to promote its products to the industrial consumers. Industrial Consumers by the definition of Dunlop would include, all users who use tyres for the operation of income (direct or indirectly), for example Bus Companies, Government departments (Central and local Government) Truck Transportation Companies, all other companies who require transport to aid in production and taxi-drivers.

Thus to promote Dunlop's tyres around 85% of the promotion is done by the salesforce and the rest by advertising. The salesmen are required to encourage sales through the consumers, but they do not take direct orders, for it is not the intention of the company to compete with its dealers and agents.

Apart from trying to encourage sales, the sales force acts as service representatives. They visit bus and taxi fleets once every two weeks and advise them on the use of tyres, the methods of maintaining the tyres and to some extent try to push sales. The salesmen with the above functions are known as service representatives and are around 20 in number. The Sales representatives and Service representatives are directly responsible to the District Manager.

During campaigns the Company tries to match the activities of the sales force to the intensity of advertising. For there must be adequate

to go with the increased demand created by the advertising
campaigns.

- Potential salesmen go through a 3-stage interview before they
are employed. The interviews can be roughly described under these headings
1. To assess qualification and previous training
 2. Examination of Character, personality and background
 3. Leadership, persuasiveness and salesmanship qualities.

- The training programme would include such courses as
1. Technical qualities and problems of tyres (related especially to
road conditions).
 2. Structure of the organization
 3. Salesmanship
 4. Management advice on how to deal with agents and dealers.

The company pays the salesforce a straight salary averaging
around \$500 - \$600 a month and during a good year the sales-force may
receive a bonus of around 4 - 6 weeks salary. The amount will vary with
performance. The efficiency of the salesman is rated at every quarter of the
year. After the assessment, the Sales director gives his recommendation
to the District Manager.

Before going into Personal selling proper, it is necessary to
examine the Marketing organization. The Headquarters of Shell (M) Limited
in Kuala Lumpur is concerned only with policy making. Here the various
policy makers of the different departments are centred. From this four
marketing units branch out from

- (1) Ipoh Division
- (2) Kuala Lumpur Division (Brickfields)

(3) Singapore Division

(4) Borneo Division.

Only one unit will be examined for the structure, in principal all units are the same. Kuala Lumpur division at Brickfields serves as representative and controller of the central area covering Pahang, Negri Sembilan, Malacca, Kelantan, Trengganu Selangor and North Johore (North of Leguat). The Kuala Lumpur Marketing Division is headed by a Manager with a Reseller Manager (for consumer goods) and a Consumer Manager (Industrial Goods)⁸.

The Reseller and Consumer Divisions are specialized divisions. The four Marketing divisions each control sales and control personal selling (salesforce) in their respective areas. The Head-office only formulates policy and carries out promotion through Mass-selling (Advertising).

Sales Force

The Bitumen and Consumer Sales (Mines) salesman are specialist in their field of work. The consumer Sales Assistant is purely concerned with the business section.

The Salesforce works under their own initiative, Headquarters only guide them on policy matters. This therefore necessitates highly trained personnel (This is the reason why, salesforce training is very

⁸ Shell's definition. Consumer product - because Industrial Companies consume the petrol directly for output.

Reseller product. although the products are sold as consumer convenience goods these goods are resold from the retail outlets to the final consumer.

SHELL EASTERN
(Trading)

MARKETING

SHIPS FLEET

TRADING

ADMINISTRATION

RESELL

IPON DIVISION

Manager
K.L. Division

Secretary

RESELLER
MANAGER

Marketing Service
Superintendent

Reseller
Superintendent

Retail
Development
Assistant

Retail
Development Clerk

Reseller (Asst. Planning)

Reseller Sales
Man (Asst. of S.I.)

Superintendent
Retail C. N.

Superintendent
Retail C. N.

Superintendent
Retail C. N.

Retail Salesman

Retail Salesman

Domestic Fuels
Salesman

Kuala Lumpur
Workshop

Brickfields
Depot

Central
Garage

Statistics
Clerk

Statistics
Clerk

Stock Control
Clerk

The level and position of boxes do not indicate
status but functional reporting line.

ORGANIZATIONAL CHART

MARKETING

SALES

RESELLER

Manager
K.L. Division

S'pore Division

Secretary

Retail Development Clerk

Retail Development Clerk

NERO

President

Superintendent

Superintendent

DEMONSTRATOR

Domestic Field Salesman

Kuala Lumpur Workmen

Brickfields Depot

Central Garage

Airfields

ORGANIZATIONAL CHART OF SHELL

JANUARY

FINANCE

P. RELATIONS

MARKETING

SALES MANAGER

OPERATIONS MANAGER

RESELLER

CONSUMER

SALES TECHNICAL

S'pore Division

Borneo Division

Secretary

Retail Development Clerk

MERCHANDISE

Consumer Salesman

Superintendent

Superintendent

DEMONSTRATOR

DEMONSTRATOR

Kuala Lumpur Workmen

Port Swettenham Installation

Sales (Sore)

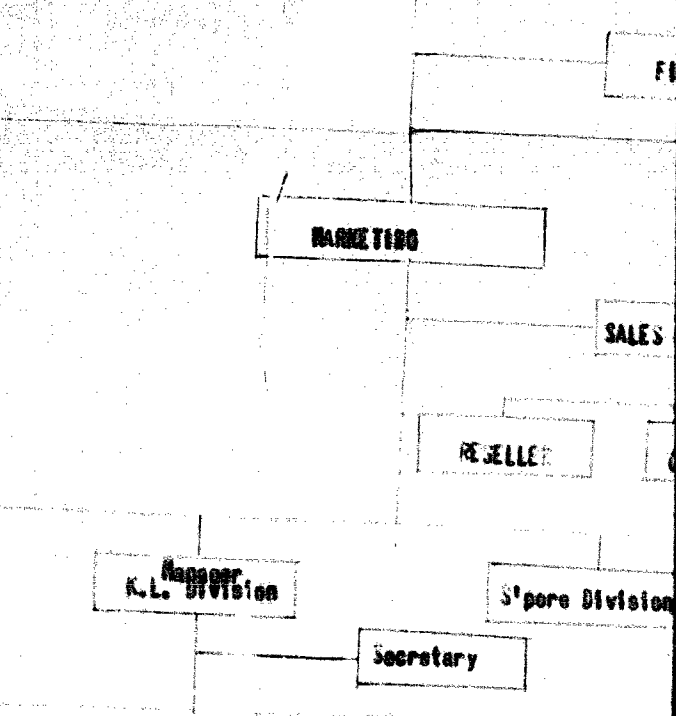
Central Garage

Airfields

General Sales

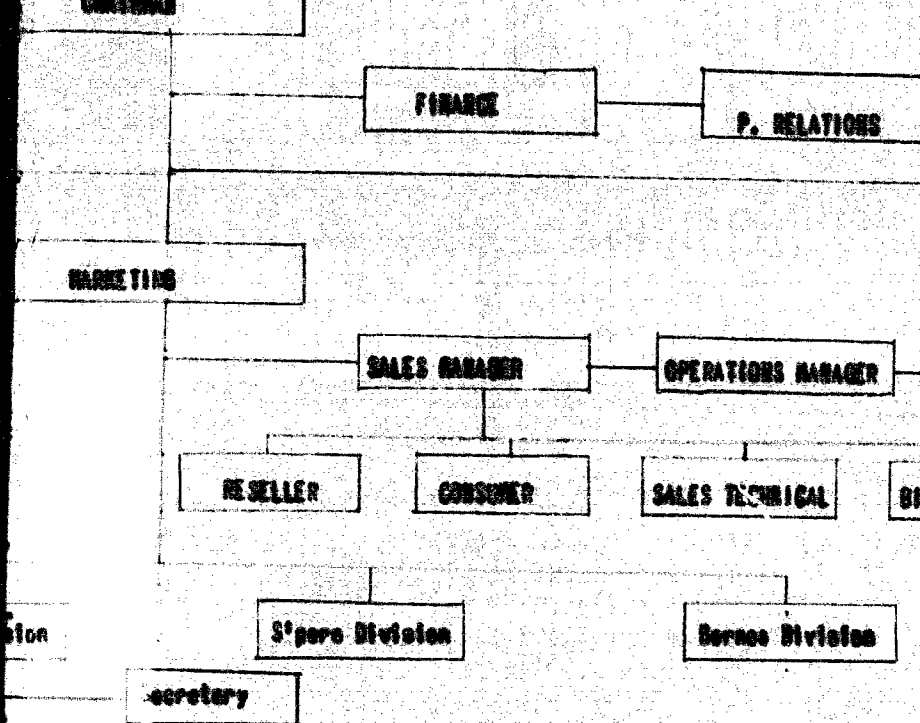
ORGANIZATIONAL CHART OF SHELL'S SALES FORCE (KUALA LUMPUR DIVISION)

JANUARY 1945



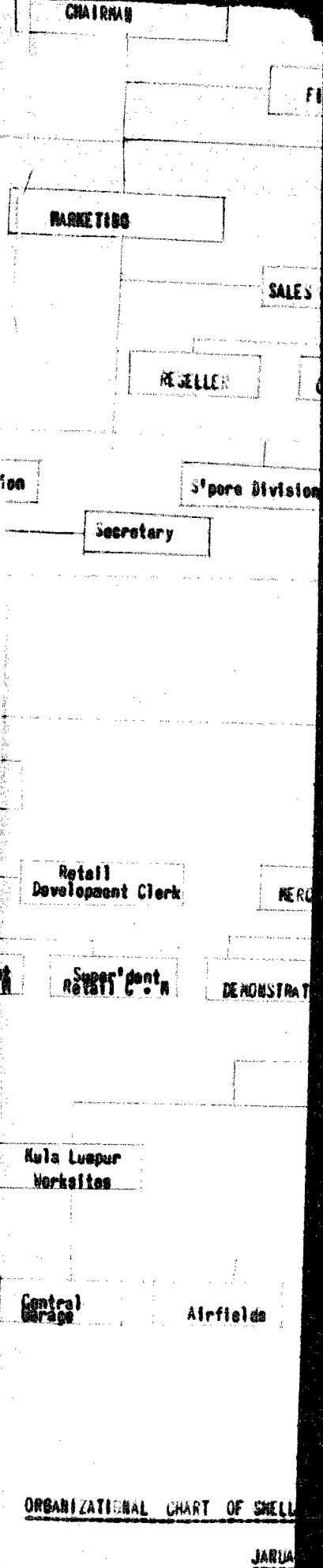
ORGANIZATIONAL CHART OF SHELL

JANUA



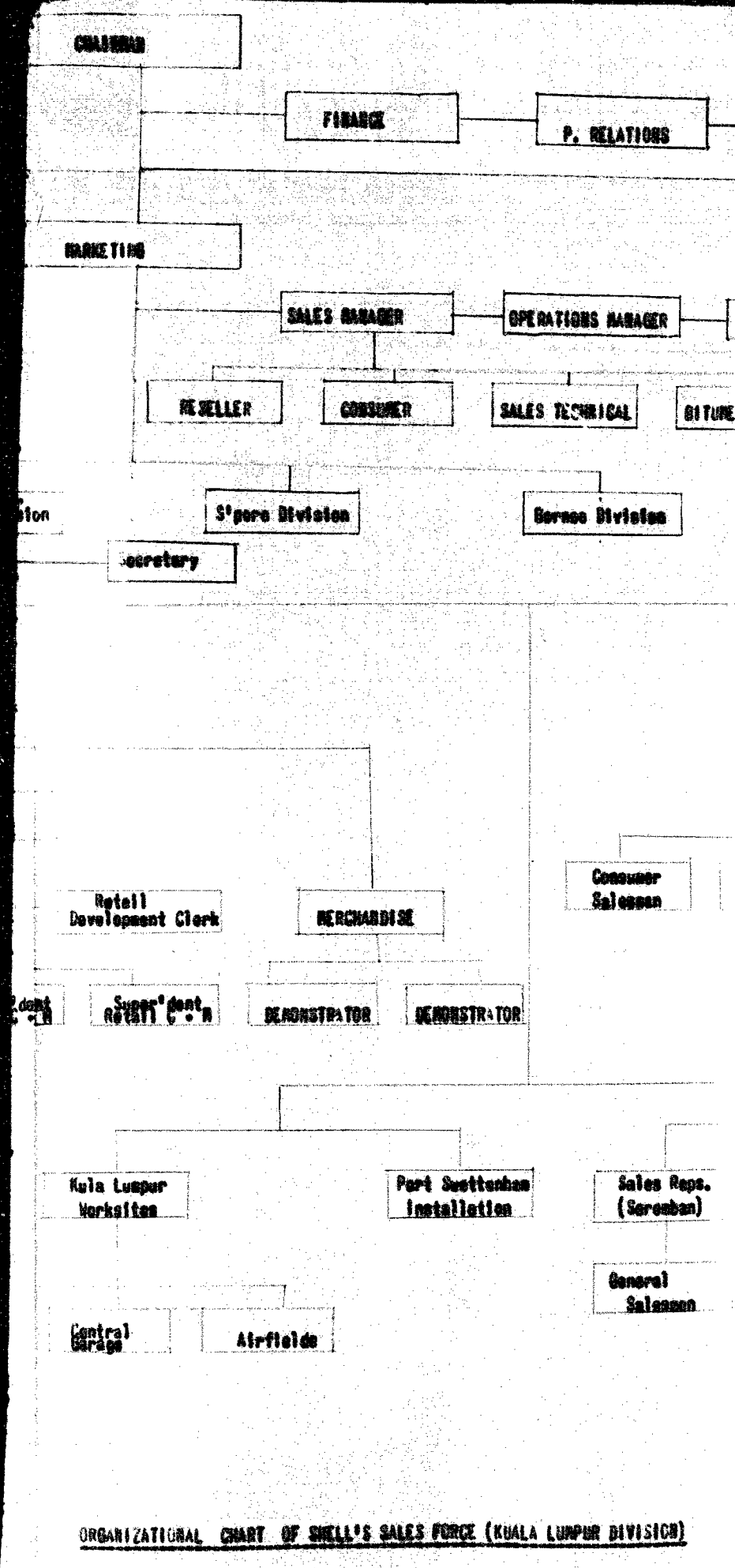
ORGANIZATIONAL CHART OF SHELL'S SALES FORCE (KUALA LUMPUR DIVISION)

JANUARY 1955



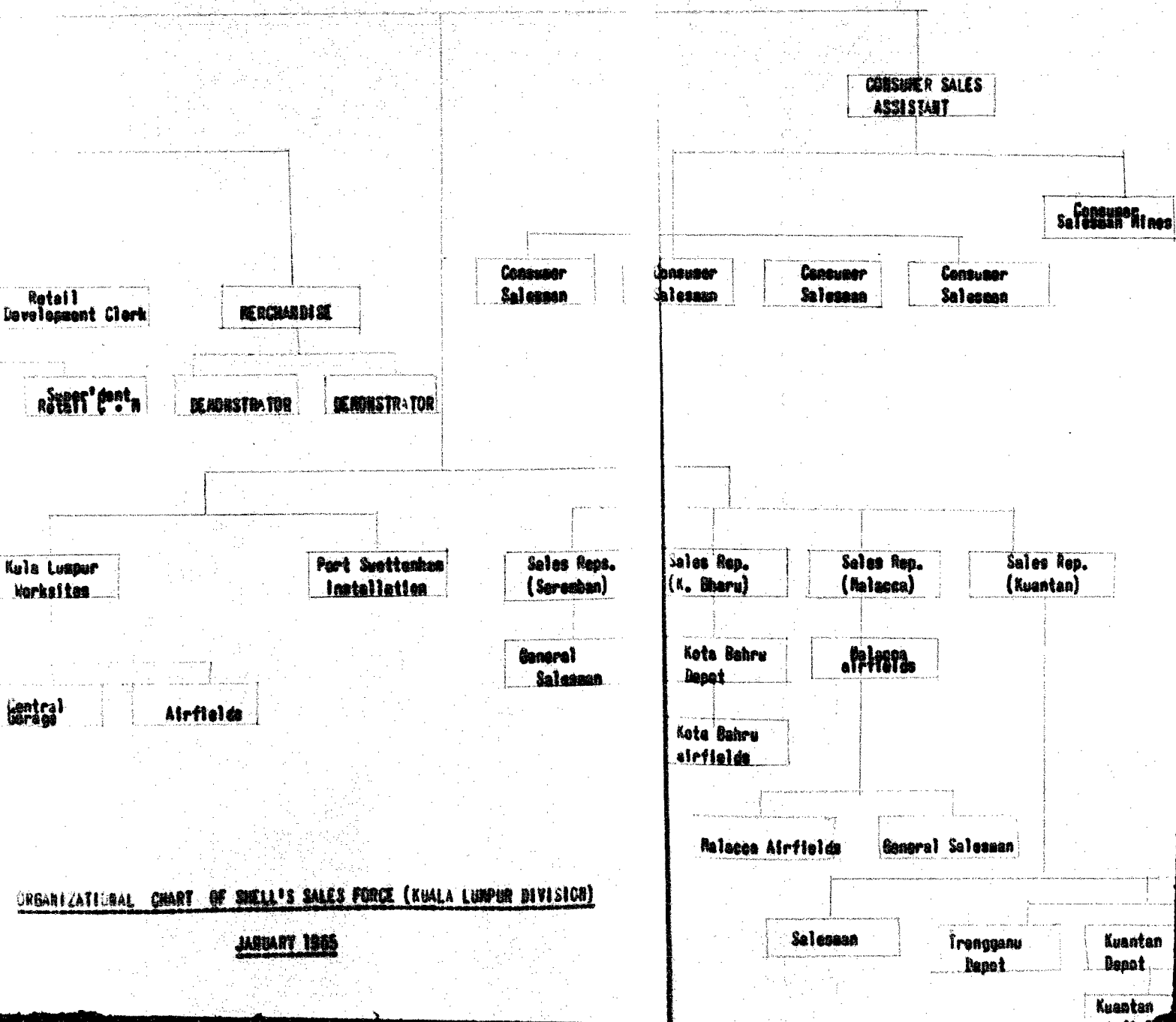
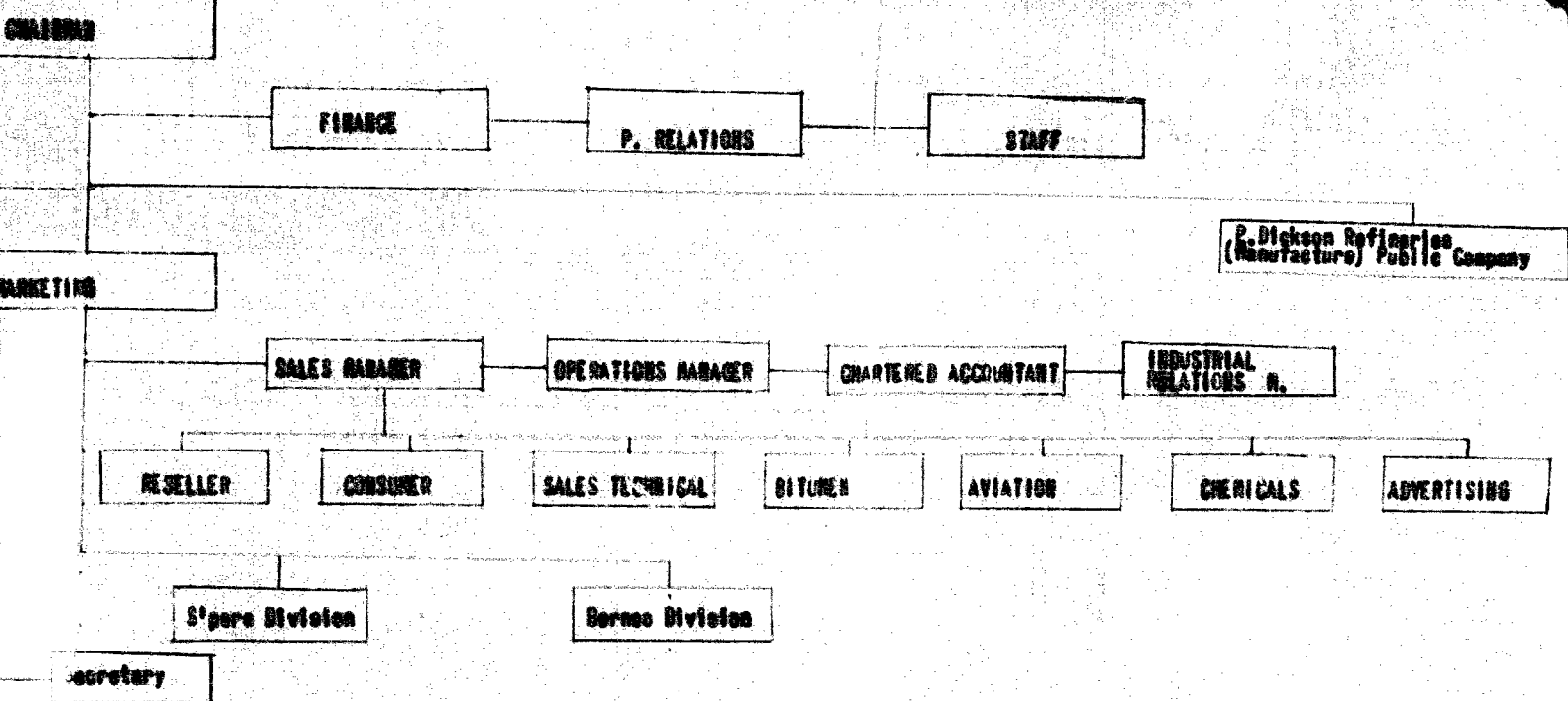
ORGANIZATIONAL CHART OF SHELL

JANUARY



ORGANIZATIONAL CHART OF SHELL'S SALES FORCE (KUALA LUMPUR DIVISION)

JANUARY 1985



important, and may stretch from two to five years. The various salesmen and sales representatives are given the authority (with guidance and control from Head office) to close and break contracts. General salesmen and sales representatives are merely salesmen in sub-areas, they do all work in connection with the promotion of sales and making of contracts in their area.

Sales Force Training

Salesmen on being employed by the Company undergo a sales training Programme called "The Induction Training Programme."

This induction Training Programme provides for two types of courses, Specialized and Formal Courses.

(a) Specialized Courses in :-

- (1) Bitumen products
- (2) Chemical products
- (3) Product knowledge and the application of it during sale

(b) Formal Courses

- (1) Basis of Selling
- (2) Business approach to sales
- (3) Supervisory course
- (4) Line Management course
- (5) Staff development
- (6) Mass product development

After these courses the trainee is given "Special assignments" to study (a) The audit control system and (b) to analyse and recommend certain lines of action to be undertaken in defects found in certain areas (true case-studies).

Normally a new recruit (Higher School Certificate) is given

three months training in order to be able to 'feel' the market. For these three months he takes up a 'job posting' for the next nine months (He gets his confirmation only after a year's service).

After confirmation during his second year the salesman is given a specialized course in "Product Knowledge" Examples of some courses are:

- (a) Automobile lubricants and greases survey of accessory shops in Kuala Lumpur market.
- (b) Appraisal of Shell Stations, economic considerations
- (c) Profit and Loss Analysis of Service Stations
- (d) To study the transportation of supplies.

These are objective studies with the aim of aiding management to get first hand knowledge of the many aspects of business in the Company.

After these assignments and during the third year the salesman experiences 'job rotation', so that he will have a greater insight into the background of the oil industry.

Only after the fifth year and if the salesman has a special aptitude or flair, will the Company divert his training to highly specialized courses or a revised training programme.

Continuous Training Programmes

Salesmen are given a lot of opportunity to participate in effective speech training and reporting. And the Company always tends to broaden the salesman's outlook in economic, local, world and current affairs.

Methods adopted for these objectives are listed below.

- (1) Regular sales meetings
- (2) Prepared talks by salesman
- (3) Group leading
- (4) Participation in group discussions - usually led by

specialist.

(5) Business Lectures given by authorities on the different areas of the Petroleum Industry and on the Economics of Business.

(6) Visits to other marketing companies - (Shell Marketing Companies overseas).

(7) Inter exchange programmes with other companies (though not to companies in competition)¹⁵

Compensation

Compensation to the salesman depend on two variables

(1) experience

(2) Qualification and the potential of the individual.

Experience would mean, the number of years the salesman served the company or (in some cases only) in other companies. The judgement on the potential of a salesman is something subjective, but facts like sales and contracts made, personality and ability will come in as factors contributing towards the potential of the salesman.

The pay scheme for salesmen is bargainable through their union.

The Company pays their salesforce a straight salary plus a bonus at the end of the year. An average salesman receives around \$550/- month for his services. The general salesman and the Sales representative are paid around \$830/-. Specialized salesman may receive around \$950 to \$1,150. The bonuses given every year (do not follow profits or loss system like Dunlops) cover two months salary.

The salesforce also receives fringe benefits, which cover for medical expenses, a free trip amounting up to \$320/- every three years and

¹⁵Refer Appendix III.

and transfer allowance.

The Sales Job

If we use 100 percent as the reliance Shell has on the promotional job, then for industrial goods (consumer goods by Shell's definition) the company relies more on personal selling (85%) and less on advertising (approximately 15%). The salesman ought to have acquired a comprehensive amount of knowledge about his company in the Petroleum industry. Equipped with knowledge acquired in the structure of the organization, the company's credit policy, the quality of the good etc., he is responsible to make contracts and promote sales.

The salesforce is responsible for the discovery of new industries or outlets (demand) and to set out to establish a 'contact-man' in the new industry. The salesman is enforced with power to make a contract there and then.

In making contracts or bulk-sales the salesforce is equipped with the manipulation of prices within certain limits. But certain factors will guide him in this respect.

- (1) The volume of business (supply)
- (2) The Duration of the period for the contract

The policy-makers at head-office usually set a margin, for the salesforce to manipulate, in using prices as a bargaining weapon. The salesforce can make contracts with a minimum of one year and a maximum of three to five years (in fact the maximum will depend on the customer).

Other than this the salesforce is used as an advisory unit to

Note: There exists a clause in the contract for renewal and 12 months notice for termination.

skills dealers and customers on technical matters. They are at times utilized in surveys undertaken by head-office. Occasionally the marketing department at Head office tests the effectiveness of advertisements and the salesforce is engaged in seeking out opinions from the public.

The above duties are mainly for sales representatives and general salesmen. The Specialized salesman e.g. Bitumen and Consumer (Homes) salesman, undertake the making of contracts and the service of representing technical advice to customers. They are also relied on, to report to the Company on advances and methods of improvement on the goods they sell, or the customer, to head quarters.

Refer Appendix II for Service at Retail Outlets.

Refer Appendix III (2) Sales Training Programmes (induction Training Programme).

CHAPTER VIII

SCHEDULING

Scheduling the programme is a very important factor for success. One should not be convinced that a good advertisement will fulfill all the qualities of a good communication approach. Attention, interest, desire and action must be achieved if the method of mass-selling is to be deemed successful. An originally attractive advertisement may fulfill three conditions, i.e. attention, interest and desire, but action may be displaced because of a factor that may not be the appropriate time for the consumer to make his purchase. It can also be argued that if the consumer is not of purchasing-power then all factors of the concept may not be fulfilled, for the consumer is not bothered to look at advertisements if he cannot purchase the good advertised. Thus most firms try to relate their programme to the festivals and habitual high-spending seasons of the consumer.

Even with this we have not solved the entire problem of how the advertisements should be scheduled? Should an advertising schedule be concentrated in an intensive "burst", or should it be spread out over a long or period? For the same expenditure a relatively small number of consumers can be exposed to advertising many times, or a larger number can be exposed a smaller number of times. A study was made on these two ways of advertisement exposure by Hubert A. Zielske. These were the two alternative methods he used

- (A) Thirteen advertisements exposed at weekly intervals
- (B) Thirteen advertisements exposed at four weekly intervals

From this controlled experiment he suggested several hypotheses

the scheduling of advertising.

(1) Exposures at weekly intervals will develop remembrance of advertising at a faster rate relative to the number of exposures, than exposures at four week intervals.

(2) Advertising will quickly forgotten if the consumer is not continuously exposed to it.

(3) As the number of exposures to advertising increases, the rate at which it is forgotten decreases.

(4) If the objective of the advertising schedule is to make a maximum number of people at least temporarily remember, then an intensive burst of thirteen weekly advertisements is preferred.

(5) If the objective is to obtain a maximum average weekly number of consumers remembering the advertising in a year then spreading thirteen exposures out over the year would be preferable to an intensive burst of thirteen weekly exposures¹.

DIAGRAM 5

Percent
Recall

70

60

50

40

30

20

10

0

5 10 13 15 20 25 30 35 40 45 50 52

Week of the Year

¹The remembering and forgetting of advertising" by Hubert A. Holske - The Journal of Marketing.

Early measurements of the effectiveness of advertising²

Thus we see the importance of exposure and the objective of the strategy. Intensified campaigns usually resort to the first method, especially if a good is trying to penetrate a market through advertisements. If a company intends to maintain prestige and its reputation then obviously the second is preferred, because of its continuity.

Drinking (Fraser and Neave)

The objective of the company's advertising campaign is to obtain a maximum average weekly number of consumers remembering the advertising. Accordingly, its advertisements in the various media used appear throughout the year, at quite regular intervals. For example, its advertisements appear in the "Straits Times" twice during weekdays, in alternate weeks (Wednesdays and Fridays) and in between these an advertisement appears on Sunday fortnightly. For other newspapers the interval is longer¹.

While this is the normal advertising pattern of the company, its advertising programme entails it to advertise more intensively and aggressively during certain periods of the year. These are the festive occasions of the various races and communities, when there is a normal practice for all the households concerned to buy and store soft-drinks to entertain. The advertisements in the papers usually flash over a full page to attract the readers attention. Good support is given by the Screen and Broadcasting which are usually used intensively during these periods, or when certain important campaigns are executed.

2

¹"The remembering and forgetting of advertising" by Hubert A. Bielke - The Journal of Marketing.

Normally the Company advertises on the Screen for a week at two months intervals (filibate at Shamas and Cathay Organisation) and on slides at shorter intervals in the Cathay organisation theatres.

Cigarettes (Rothmans)

Although Cigarettes and Soft drinks are in the same category of consumer goods, their scheduling of their advertisement program differs. This all goes to point out that even in goods of the same category, where media used and presentation (not so always though) is similar there exist certain differences in promotional strategy, in this case the scheduling of the program.

For instance, the consumption habits differ, cigarettes are normally consumed (or smoked) daily, whereas Soft-drinks are not consumed in the same way, because the majority of consumers cannot afford to do it. Consumption occurs at special occasions and festivals only. Therefore unlike Rothmans, Fraser and Neave does not have very heavy advertising and promotion only during the festive periods. Promotion, as far as it is financially possible, is carried out throughout the year. There is a slight emphasis on increase expenditure during festive periods but this is not as significant as that done by Fraser and Neave.

The objective of Rothmans Limited is to retain its customers and get new ones, thus it strives to imprint its image on consumers by continuous promotion, and the exposure of the product throughout the year to potential customers.

Intensified Campaigns are only carried out, when a new brand is to be introduced into the market. This happened when the "waterproof" Virginia Gold was being introduced, and when Connaught was making its debut

in the Malaysian Market.³ Intensified campaigns are also carried out when sales slacken for a certain brand or when 'tough' competitors try to enter the market.

Household Goods (Lever).

Being a marketer of shopping goods, Lever thus resorts to a scheduling strategy different from that of Fraser and Neave and Rothmans who are suppliers of 'Convenience goods'. But this is not the main determinant, how often the consumers need to be exposed to advertising depends on the objectives of the promotional activities and their purchasing pattern. It should be noted that it takes a long time to remember an advertisement and also a long time to forget one of an established brand, therefore certain techniques of scheduling are worthwhile following. For Lever Brothers advertising expenditure is therefore not spread evenly throughout the year but usually in waves because of the limited funds available. The reasons for periodic advertising are:-

(1) Most of the products of Lever Brothers are well-established in the market. Thus the advertising is aimed mainly at reminding the consumers of the advantage of the product and its availability, also its superiority over other products.

(2) To boost sales of the products just before a festival or important occasion i.e. seasonal demands for the product. Examples are the increased advertising of Planta Margarine just before Puasa and Chinese New Year because the product will be greatly demanded for the making of cakes (we see a similarity here with Fraser and Neaves pattern of scheduling).

³ Interview with company (Rothmans) - Virginia Cold (waterproof) has proved to be not very successful.

(3) The introduction of a new product e.g. Tempe Chicken essence. In this case (similar to that of Rothmans) advertising expenditure will largely be concentrated in the introductory stages, when the need to inform the public is imperative. When demand for the product and sales increase, the expenditure is reduced to the normal form of the retention of consumer loyalty.

Once the medium has been selected there is also the problem of deciding when to display the advertisement over that medium, i.e. consideration of the time factor. For cinema advertising Lever Brothers undertakes the study of cinema - going habits and based on these observations they schedule the cinema filmlets monthly. The filmlets are screened during ordinary shows and not during mid-night shows or matinees where the patronage may fluctuate and the required or target customers not reached.

There is, no such problem with television (Singapore's case) because it is of recent introduction and there is thus indiscriminate viewing regardless of the programmes. Frequency of exposure is therefore very high and there is no problem of deciding when the advertisement should come on the air. As for Broadcasting it has been determined by Lever Brothers that the most popular listening time is the news commentary (for adults who are the main purchasers). Thus advertising is preferred just before and after the news broadcast⁴.

Prints (I.C.I.)

The schedule undertaken by I.C.I. (M) Limited is flexible and changes within the year may be made. Advertisements may appear in the Press medium twice a week for a period of three months and then a new

⁴A Study of the Promotional Activities of Sharikat Berhad Lever Brothers (Malaya)* by Cheong Sin Cheong.

program appears with one advertisement a week for the next two months, the Company may even stop advertising for a period of time. This type of programme, has three advantages

(1) Less expenditure involved (Compared to continuous advertising.

(2) Provides management with a means of testing concentrated campaigns and smaller advertisements.

(3) Constant exposure may have had effects (stale advertisements and hackneyed phrases). 'Off-and-on' advertising retains the novelty of the advertisement⁵.

For the Press the main medium used is the Sunday Times in the 'Home decoration section'. No schedule exists for the other media as they are not used frequently except before festivals.

The schedule for Radio Malaysia and Rediffusion is the same. Spot bookings are announced thrice a day for 3 days a week. The spots are for "A" time which are the peak hours of listening⁶. The first two spots are fixed bookings at 7.30 a.m. and 6 p.m. and the third is a 'floating' one to be announced whenever the network thinks it is suitable. Radio spots last for 20 seconds while Rediffusion spots last 30 seconds. The days chosen are not fixed and can be changed at the discretion of the Promotion Department of I.C.I. in co-ordination with the network. The announcements are done in English and Chinese (Hokkien and Cantonese).

⁵Mr. Masterton. P.R.O. (I.C.I. (M) Limited) - interview.

⁶Refer Diagram I

The spot bookings are not on the cheaper annual rate nor on the casual rate, but on some in-between arrangement of the company and Broadcasting Unit. There are only a few annual contracts for spot-announcements. This is preferred because of the greater flexibility.

Dalux and Pentalite advertisements on Television Singapore are twice a day for three days in a week. The days of the week chosen are Monday, Tuesday and Friday. These appear during the evenings for obvious reasons. The times chosen for the announcements are entirely up to Television Singapore and I.C.I. has no say in this. This is because these are 'ordinary spot' bookings, for 'preferred spots' the company can specify the time of the announcements.

Advertisement of Dalux and Pentalite in Her World for 1964 was done once a month.

Dunlop (Dunlop)

Agreeing that scheduling is imperative, and that maximum impact is the objective Dunlops schedule is still controlled by its promotional budget. But although there are limitations, success can be achieved through proper scheduling. Unlike good-year Company which uses an applause and aggressive attack during alternative quarters in the year. Dunlops however spreads its programme throughout the year. They have first a general flow of advertisements planned for the whole year which just sells tyres without specification. In between there are concentrated attacks. The general flow is vague. It just "sells" tyres, but which particular type? So the concentrated attacks are for this purpose. These place emphasis on a certain line of tyres like car or truck tyres, etc.

This method, they feel gives maximum impact⁷. Concentrated attacks are executed when sale of a certain type of tyre slackens.

Usually a thorough study of consumers is made by the Promotion department their incomes, habits and especially their recreational activities and into industrial (truck tyres) and consumer purchases. With the customers thus classified, he then decides on the media, timing (scheduling) and presentation of the advertisements. Additional information on the location of the consumers and the climatic season during which the advertisements will appear is also required before decisions are made.

The season influences the presentation of the media e.g. during rainy seasons the emphasis will be on the question of safety like "Dunlop tyres do not skid" or during dry seasons, the advertisement may read "Dunlop tyres can stand hot metal roads longer than ordinary tyres".

The timing of the appearance of the advertisements is also important e.g. there is no point in advertising at a time, on the radio, when the desired audience is not at home to listen to it. Motorists are usually the bread-winners of the family advertising during the morning may not be effective as the audience may not include the desired group, thus evening advertising is preferred⁸.

⁷ Interview with Sales Manager Tyres Dunlops (Malaya) Limited.

⁸ Interview with Sales Manager Tyres Dunlops (Malaya) Limited.

APPENDIX I

FACSIMILE OF QUESTIONNAIRE FORM USED AS A GUIDE TO INTERVIEWS

(A) What are your opinions concerning the Malayan business environment and to what extent does it affect the promotion of your product?

(B) What are the market characteristics of your product
(Name of product)?

(1) Competitive position

(a) Share of Market (%)

(b) Competitors and their activities

(2) Areas of distribution

(Indicate if Pan Malayan).

(3) Market for product brands.

Income Groups

Upper

Middle

Lower

Racial Groups

Chinese

Malay

Indians

Others

(C) Your problems in dealing with the local advertising conditions?

(1) Problem of multi lingualism and literacy

(2) Importance of Market Surveys

(3) Local business and advertising conditions

(4) Effects of Competitive Advertising.

(D) The objectives of your promotional and advertising campaigns.

(E) Advertising Appropriation

(1) Methods of estimating the Advertisement Budget.

(a) Percentage of Sales Approach

(b) Other Methods

(a) Arbitrary.

(2) Total Promotional appropriation (for Mass-selling (advertising), personal selling and sales promotion)

Year

as a % of Sales

1963

1964

1965 (Optional)

(3) Indicate subsidy by Parent Company, overseas distributors etc in the percentage for 1964 or 1965.

(7) Media Used.

(1) Proportionate Allocation of Advertising Budget between the media listed below in percentage.

Media

Newspapers

Radio/Radiodiffusion

Screen

Samples

Publicity

Miscellaneous

Others

(2) Indicate opinions on the advantages, disadvantages and effectiveness of the media employed.

(3) Indicate reasons for the choice of medium (media, most frequently employed).

(4) Indicate some of the costs included under certain media

e.g. Media

Cost

Publicity

Samples. etc.

- (5) Give the importance of Copy Themes/space frequency etc.
- (6) Your promotional Blend between Personal Selling, Mass-selling, and sales promotion (%).
- (ii) **Personal Selling**
- (1) What methods of Selection of the sales force are employed?
- (a) Psychological tests
 - (b) Qualification
 - (c) Character etc.
- (2) The type of Training programme given to the sales-force (duration)
- (3) What Methods of Compensation do you employ?
- (4) The average salary and commission of each salesman
- (5) The total number of the sales-force and the structure and organization of this force.
- (6) How much reliance do you place on personal selling (especially in the sale of industrial goods)
- (1) Do you employ any special strategy of your product.

PETROL SERVICE STATION. SERVICES (COURTESY) COMPARED

Percentage of Stations

| | <u>Shell</u> | <u>Esso</u> | <u>Caltex</u> |
|--|--------------|-------------|---------------|
| 1. How quickly did Attendant arrive | | | |
| (a) immediately | 97 | 94 | 95 |
| (b) Kept you waiting | 3 | 2 | 5 |
| (c) Kept you waiting without saying anything | 0 | 4 | 0 |
| 2. Were you greeted by salesman | 20 | 31 | 49 |
| No | 80 | 69 | 51 |
| 3. Did attendants wear approved uniforms | | | |
| (Yes) | 83 | 75 | 86 |
| (No) | 17 | 25 | 14 |
| 4. Were uniforms reasonably cleaned. | 94 | 94 | 97 |
| (These were expressed as percentage of those stations in which attendants were approved uniforms). (No comparative value) | | | |
| No | 6 | 6 | 3 |
| 5. Type of Footwear (a) Shoes | 20 | 27 | 16 |
| (b) Slippers | 43 | 29 | 38 |
| (c) Clogs | 14 | 17 | 19 |
| (d) Ascerted | 21 | 27 | 27 |
| (e) Nothing | 2 | 0 | 0 |
| 6. Overall impression of appearance of attendants | | | |

Percentage of Stations

(a) good

(b) average

(c) bad

How was the checking under the hood

(50% of Esso and Shell stations checked under hood.)

(a) checked radiator

(b) Checked battery

(c) Checked oil-level

(d) Dip stick shown to customer

(e) Attendant explained and recommended needs

(73% of Caltex stations checked under the hood).

(a)

(b)

(c)

(d)

(e)

Overall impression of checking under hood.

(Percentage of those stations in which attendants checked only). (No comparative value)

(a) good

(b) average

(c) bad

| <u>Shell</u> | <u>Esso</u> | <u>Caltex</u> |
|--------------|-------------|---------------|
| 15 | 10 | 24 |
| 72 | 75 | 70 |
| 13 | 15 | 6 |
| 93 | 83 | |
| 63 | 63 | |
| 100 | 100 | |
| 7 | 8 | |
| 10 | 8 | |
| | | 85 |
| | | 76 |
| | | 100 |
| | | 26 |
| | | 19 |
| 17 | 12 | 37 |
| 60 | 71 | 44 |
| 23 | 17 | 19 |

Percentage of Stations

Did attendant request to check tyre pressure (Yes)
(No)

7. How did attendant talk

(a) good (courteous and solicited sales)

(b) average (courteous but no solicitation of sales)

(c) Bad (indifferent, but no solicitation of sales)

8. Was premium grade solicited for

(Yes)

(No)

9. Did attendant solicity for

(a) Full tank

(b) Quantity or value

(c) Nothing

10. Was the sales room clean

Yes

No

11. Were IBAS items and lubricants adequate and well displayed

Yes

No

| <u>Shell</u> | <u>Esso</u> | <u>Galton</u> |
|--------------|-------------|---------------|
| 5 | 4 | 3 |
| 95 | 96 | 97 |
| 5 | 13 | 11 |
| 70 | 75 | 78 |
| 25 | 13 | 11 |
| 18 | 40 | 27 |
| 82 | 60 | 73 |
| 5 | 17 | 8 |
| 82 | 73 | 81 |
| 13 | 10 | 11 |
| 68 | 79 | 100 |
| 32 | 21 | 0 |
| 58 | 60 | 70 |
| 42 | 40 | 30 |

Percentage of Stations

| | <u>Shell</u> | <u>Esso</u> | <u>Caltex</u> |
|--|--------------|-------------|---------------|
| 12. Overall impression of sales room. | | | |
| (a) good | 13 | 13 | 27 |
| (b) average | 55 | 67 | 70 |
| (c) bad | 32 | 21 | 3 |
| 13. Did attendant request to check under hood | | | |
| (Yes) | 50 | 50 | 75 |
| (No) | 50 | 50 | 27 |
| Wiped front windshield (Yes) | 9 | 8 | 5 |
| (No.) | 97 | 92 | 95 |
| Wiped back wind shield (Yes) | 2 | 6 | 3 |
| (No.) | 98 | 94 | 97 |
| What did attendant say when you were leaving | | | |
| (a) Thank you and please come again, "Happy Motoring" | 0 | 0 | 0 |
| (b) Thank you, please come again | 0 | 2 | 0 |
| (c) Thank you | 28 | 38 | 59 |
| (d) Nothing | 72 | 60 | 41 |

Source: Survey of the Gasoline Market by Esso.

APPENDIX III

INDUCTION TRAINING PROGRAMME

1 day - OBJECTIVE

To provide a brief background on the organisation, office and depot routine.

I. Discussion covering the following points:-

- (a) Organisation of Division, nature of its trade, competitors' activities etc.
- (b) Relationship - Division/Area Representatives/H.O. and line of communication.
- (c) Pattern of distribution and pre-planning of deliveries.
- (d) Dealer organisation.
- (e) Forward Planning (Management by objectives) and market coverage.

II. (a) Prices - Delivery terms, price change advices, A.S.T.s, T.S.A.s.

- (b) Contract and leases (Briefly explain purpose of the various types of contracts).
- (c) Sales records, statistics, customer's offtakes, salesman's records
- (d) Study Credit Control
- (e) Line of communication - field/division/H.O.

III. At Depot - Discuss with Depot Superintendent:-

- (a) Organisation of the depot, pattern of distribution ex depot, receipt of bulk and packed goods, store-keeping, minimum/maximun stocks, indenting procedures.
- (b) Have a brief look at the billing procedure including cash and credit sales, discounts deducted, transport charges and the distribution of the set of invoices which documents each delivery.

(e) Bulk lorry loading and sorting of transport.

What are the main factors in efficient routing of bulk lorries? What is the purpose of pre-planning?

(d) Where do our lubricants come from? How long does it take our orders to be executed? How much stock do we hold at Brickfields? What grades and packings must be stored under cover?

(e) Study procedure for dealing with supplies to Government and other customers, receipt of orders from customers, and transmission to Port Swettenham in the case of Fuel Oils.

(f) Quality control procedure. What are the quality control arrangements for bulk products?

(g) Follow lubricants delivery from billing set right up to product leaving gate.

1 day - OBJECTIVE

To understand the operational responsibility and problems involved in servicing pumps and equipment.

- (a) Retail outlets and pumps maintenance
- (b) Programming of duties for pump fitters.
- (c) Retail outlets R.L.P. and allocation of expenditure
- (d) Transport and registration - classification of licences - control of transport.
- (e) Attend to breakdown requests and go out with fitters to attend to a call

2 day - Accompany Operations Supt. in field work.

OBJECTIVE

To obtain a general knowledge of Resellers' market including

retail development, marketing of kerosene and L.P.G.

1 day - I. Retail Development

- (a) A general talk by the Reseller Assistant on the basic principles of retail selling i.e. the retail dealer network, products involved, supply arrangements, etc.
- (b) Network planning for the division, the 5-year planning and budget, trade analysis in zones, land tenure, values, etc.
- (c) Visit prospective sites in Kuala Lumpur sub-area and discuss problems that may arise.
- (d) Further discussion on trade in zones and planning.
- (e) Procedure of processing plans with the Authorities, procedure for a full case to H.O. Sales - Reseller Manager for a new project.
- (f) Discuss S.S.1 Forms and costing, submission of S.302 and other returns.
- (g) Budget covering capital items of equipment, control/forecast of equipment and S.S.F.

II. Retail Merchandising

To obtain a thorough knowledge of the work going on in a retail outlet and the duties performed by the personnel as well as the products sold including T.B.A. and specialities.

- 1 day -
- (a) Routine visit to selected stations and salesman will instruct on station cleanliness and standard of drive-way service expected of attendants, the keeping of records sales graphs, targets, etc.

- (b) Study the duties of Merchandising Salesman paying particular attention to incentive schemes, competitions, Shelllubrication/forecourt service, diversification, auxillary service and other sales promotion activities.

1 day - (a) Duties of Industrial Assistant.

- (b) Visit industrial customers in Kuala Lumpur with consumer's salesman.

Kerosine Marketing

1 day - (a) Visit the Kerosine Repacking Centre and see how re-packing of kerosine is carried out also visit tin factories.

- (b) Spend one day with the Kerosine Salesman selling kerosine shop to shop. Discuss with Reseller Superintendent the problems of marketing Kerosine in Kuala Lumpur sub-area.

REVISED TRAINING PROGRAMME

1st week

I. General outline of division organisation covering the following important points:-

- (a) Division Office set-up including relationship with other divisions and with Head Office.
- (b) Division Trade, Market coverage and marketing plans and objectives.

II. Study briefly duties of:-

(a) Chief Clerk - particularly procedure, preparation and control of AST/TSA.

(b) General Clerk

- i) Preparation of Contracts (direct/indirect), Hire Agreements (pumps/tanks) and Option Agreements.
- ii) Filing System, Master File, Sales Standing Instructions and Retail Manual
- iii) Available literature, Information Sheets, recommendation books, etc. for distribution to customers and for own use.

(c) Statistics Clerk

- i) Follow 'Flow Chart' of a bill.
- ii) Customers record cards
- iii) Statistical Returns
- iv) Customers offtakes and Hollerith Statements.

(d) Operations Clerk

- i) Pumps and retail outlet maintenance
- ii) R.F.P. and allocation of expenditure
- iii) Transport - registration, classification and restrictions

III. Sales Standing Instructions and Retail Manual

- i) To read carefully and to note any points not clear.
- ii) To answer a test paper on selected questions.

IV. Delivery Order Section - Erichfields Depot

- (a) Prices - price lists, delivery terms, price changes advices, discounts, etc.
- (b) Preparation of delivery notes.
- (c) Credit control at Division Office level with emphasis on Industrial Lubricants.
- (d) Procedure as regards supplies to Government.
- (e) Stock Statements, Sales Sheets and returns.
- (f) Drum filling, blending of chemical products and physical stock checking of Industrial Lubricants.
- (g) Control of Maximum/Minimum stock.

DEPOT SUPERINTENDENT TO SUBMIT PROGRESS REPORT

2nd Week

I. Port Swettenham Installation - 3 days

- (a) Introductory talk by Installation Manager.
- (b) Detailed study of paper work involved in the keeping of records of both bulk and packed products, Daily Analysis Sheets and Product Stock Statements - 2 days.
- (c) Spend one day in the yard to look into the physical operations connected with (b) - receipt and despatch of bulk stocks by rail and lorry, filling, cleaning, etc. of drums, working of pumps and dipping of tanks, brief look at Chemicals Blending Plant.

II. Division Office

- (a) Salesmen's functions, records, weekly programme (planned coverage), objectives, etc.
- (b) Credit control.

2nd Week

Consumer Section

- (a) Set-up of Consumer Section and functions of Consumer Assistant and Industrial Salesman.
- (b) Visit selected bus and transport companies in Marketing Division.
- (c) Explain how survey of sawmills, branchmills, rice-mills brickworks and foundries in a Town should be carried out.
- (d) To carry out Lubricants Survey paying particular attention to lubricants and greases of rubber estates, oil palm estates, brickworks and transport companies and to complete and present a report. Trainee may discuss any doubtful points about the survey with Consumer Assistant at any time.

3rd Week

- I. (a) Set up of Retail Section and functions of Retail Assistant and Retail Salesman.
- (b) Procedure of preparing a complete case to H.O. Sales Retail for a new station, and conversion from filling station to Service station, etc.
- (c) Trade in Zones and forward planning for each Zone.
- (d) Annual Budget
- (e) Submission of S.302 and other returns.
- (f) Procedure of processing plans with Local Authorities with

emphasis on special important points such as, petroleum regulations, etc.

- (g) Visit selected retail outlets with Salesman observing how work is being carried out at retail outlets. Also visit prospective sites in sub-district and discuss special qualities of sites and any queries trainee may have. Visit selected opposition outlets.

11. (a) Organisation and functions of Dealers' Kerosine Repacking Kongai.

(b) Visit repacking centre and observe how tins are being repacked.

(c) Follow one of dealers' lorries retailing kerosine in tins.

12. (a) L.P.G. set-up both domestic and industrial.

(b) Visit Ace Ltd. and prospective customers of L.P.G. for domestic and industrial applications.

RESELLER CONF. TO SUBMIT PROGRESS REPORT

3rd week

I. Practical lubrication and forecourt training at a service Station.

II. Study of Retail Outlet Profitability service station.

OBJECTIVES

- (a) To understand how to assess the profitability of an outlet and to be able to know the items which make up costs of operation in detail.
- (b) To know the duties of service station employees.
- (c) To be familiarised with the day-to-day operation of an outlet.

4th week

Exercise on Retail Development.

To prepare a complete case to H.C. Sales.

APPENDIX I

FACSIMILE OF QUESTIONNAIRE FORM USED AS A GUIDE TO INTERVIEWS

(A) What are your opinions concerning the Malayan business environment and to what extent does it affect the promotion of your product?

(B) What are the market characteristics of your product
(Name of product)?

(1) Competitive position

(a) Share of Market (%)

(b) Competitors and their activities

(2) Areas of distribution

(Indicate if Pan Malayan).

(3) Market for product brands.

Income Groups

Upper

Middle

Lower

Racial Groups

Chinese

Malay

Indians

Others

(C) Your problems in dealing with the local advertising conditions?

(1) Problem of multi lingualism and literacy

(2) Importance of Market Surveys

(3) Local business and advertising conditions

(4) Effects of Competitive Advertising.

(D) The objectives of your promotional and advertising campaigns.

(E) Advertising Appropriation

(1) Methods of estimating the Advertisement Budget.

(a) Percentage of Sales Approach

(b) Other Methods

(a) Arbitrary.

(2) Total Promotional appropriation (for Mass-selling (advertising), personal selling and sales promotion)

Year

as a % of Sales

1963

1964

1965 (Optional)

(3) Indicate subsidy by Parent Company, overseas distributors etc in the percentage for 1964 or 1965.

(F) Media Used.

(1) Proportionate Allocation of Advertising Budget between the media listed below in percentage.

Media

Newspapers

Radio/Radiodiffusion

Screen

Samples

Publicity

Miscellaneous

Others

(2) Indicate opinions on the advantages, disadvantages and effectiveness of the media employed.

(3) Indicate reasons for the choice of medium (media, most frequently employed.

(4) Indicate some of the costs included under certain media

e.g. Media

Cost

Publicity

Samples. etc.

- (5) Give the importance of Copy Themes/space frequency etc.
- (6) Your promotional Blend between Personal Selling, Mass-selling, and sales promotion (3).

(10) **Personal Selling**

- (1) What methods of Selection of the sales force are employed?
 - (a) Psychological tests
 - (b) Qualification
 - (c) Character etc.
 - (2) The Type of Training programme given to the sales-force (duration)
 - (3) What Methods of Compensation do you employ?
 - (4) The average salary and commission of each salesman
 - (5) The total number of the sales-force and the structure and organization of this force.
 - (6) How much reliance do you place on personal selling (especially in the sale of industrial goods)
- (1) Do you employ any special strategy of your product.

PETROL SERVICE STATION. SERVICES (COURTESY) COMPARED

Percentage of Stations

| | <u>Shell</u> | <u>Esso</u> | <u>Caltex</u> |
|--|--------------|-------------|---------------|
| 1. How quickly did Attendant arrive | | | |
| (a) immediately | 97 | 94 | 95 |
| (b) Kept you waiting | 3 | 2 | 5 |
| (c) Kept you waiting without saying anything | 0 | 4 | 0 |
| 2. Were you greeted by salesman | 20 | 31 | 49 |
| No | 80 | 69 | 51 |
| 3. Did attendants wear approved uniforms | | | |
| (Yes) | 83 | 75 | 86 |
| (No) | 17 | 25 | 14 |
| 4. Were uniforms reasonably cleaned. | 94 | 94 | 97 |
| (These were expressed as percentage of those stations in which attendants were approved uniforms). (No comparative value) | | | |
| No | 6 | 6 | 3 |
| 5. Type of Footwear (a) Shoes | 20 | 27 | 16 |
| (b) Slippers | 43 | 29 | 38 |
| (c) Clogs | 14 | 17 | 19 |
| (d) Assorted | 21 | 27 | 27 |
| (e) Nothing | 2 | 0 | 0 |
| 6. Overall impression of appearance of attendants | | | |

Percentage of Stations

| | <u>Shell</u> | <u>Esso</u> | <u>Caltex</u> |
|---|--------------|-------------|---------------|
| (a) good | 15 | 10 | 24 |
| (b) average | 72 | 75 | 70 |
| (c) bad | 13 | 15 | 6 |
| How was the checking under the hood | | | |
| (90% of Esso and Shell stations checked under hood.) | | | |
| (a) checked radiator | 93 | 83 | |
| (b) Checked battery | 63 | 63 | |
| (c) Checked oil-level | 100 | 100 | |
| (d) Dip stick shown to customer | 7 | 8 | |
| (e) Attendant explained and recommended needs | 10 | 8 | |
| (73% of Caltex stations checked under the hood). | | | |
| (a) | | | 85 |
| (b) | | | 36 |
| (c) | | | 100 |
| (d) | | | 26 |
| (e) | | | 19 |
| Overall impression of checking under hood. | | | |
| (Percentage of those stations in which attendants checked only). (No comparative value) | | | |
| (a) good | 17 | 12 | 37 |
| (b) average | 60 | 71 | 44 |
| (c) bad | 23 | 17 | 19 |

Percentage of Stations

Did attendant request to check tyre
pressure (Yes)

(No)

7. How did attendant talk

(a) good (courteous and solicited
sales)

(b) average (courteous but no
solicitation of sales)

(c) Bad (indifferent, but no
solicitation of sales)

8. Was premium grade solicited for

(Yes)

(No)

9. Did attendant solicity for

(a) Full tank

(b) Quantity or value

(c) Nothing

10. Was the sales room clean

Yes

No

11. Were TBAS items and lubricants adequate
and well displayed

Yes

No

| <u>Shell</u> | <u>Esso</u> | <u>Galax</u> |
|--------------|-------------|--------------|
| 5 | 4 | 3 |
| 95 | 96 | 97 |
| 5 | 13 | 11 |
| 70 | 75 | 78 |
| 25 | 13 | 11 |
| 18 | 40 | 27 |
| 82 | 60 | 73 |
| 5 | 17 | 8 |
| 82 | 73 | 81 |
| 13 | 10 | 11 |
| 68 | 79 | 100 |
| 32 | 21 | 0 |
| 58 | 60 | 70 |
| 42 | 40 | 30 |

Percentage of Stations

12. Overall impression of sales room.

(a) good

13

13

27

(b) average

55

67

70

(c) bad

32

21

3

13. Did attendant request to check under hood

(Yes)

50

50

75

(No)

50

50

27

Wiped front windshield (Yes)

3

8

5

(No.)

97

92

95

Wiped back wind shield (Yes)

2

6

3

(No.)

98

94

97

What did attendant say when you were

leaving

(a) Thank you and please come again,

"Happy Motoring"

0

0

0

(b) Thank you, please come again

0

2

0

(c) Thank you

28

38

59

(d) Nothing

72

60

41

Source: Survey of the Gasoline Market by Esso.

APPENDIX III

INDUCTION TRAINING PROGRAMME

1 day - OBJECTIVE

To provide a brief background on the organisation, office and depot routine.

I. Discussion covering the following points:-

- (a) Organisation of Division, nature of its trade, competitors' activities etc.
- (b) Relationship - Division/Area Representatives/H.O. and line of communication.
- (c) Pattern of distribution and pre-planning of deliveries.
- (d) Dealer organisation.
- (e) Forward Planning (Management by objectives) and market coverage.

II. (a) Prices - Delivery terms, price change advices, A.S.T.s, T.S.A.s.

- (b) Contract and leases (Briefly explain purpose of the various types of contracts).
- (c) Sales records, statistics, customer's offtakes, salesman's records
- (d) Study Credit Control
- (e) Line of communication - field/division/H.O.

III. At Depot - Discuss with Depot Superintendent:-

- (a) Organisation of the depot, pattern of distribution ex depot, receipt of bulk and packed goods, store-keeping, minimum/maximum stocks, indenting procedures.
- (b) Have a brief look at the billing procedure including cash and credit sales, discounts deducted, transport charges and the distribution of the set of invoices which documents each delivery.

(c) Bulk lorry loading and sorting of transport.

What are the main factors in efficient routing of bulk lorries? What is the purpose of pre-planning?

(d) Where do our lubricants come from? How long does it take our orders to be executed? How much stock do we hold at Brickfields? What grades and packings must be stored under cover?

(e) Study procedure for dealing with supplies to Government and other customers, receipt of orders from customers, and transmission to Port Swettenham in the case of Fuel Oils.

(f) Quality control procedure. What are the quality control arrangements for bulk products?

(g) Follow lubricants delivery from billing set right up to product leaving gate.

1 day - OBJECTIVE

To understand the operational responsibility and problems involved in servicing pumps and equipment.

- (a) Retail outlets and pumps maintenance
- (b) Programming of duties for pump fitters.
- (c) Retail outlets R.E.P. and allocation of expenditure
- (d) Transport and registration - classification of licences - control of transport.
- (e) Attend to breakdown requests and go out with fitters to attend to a call

2 day - Accompany Operations Supt. in field work.

OBJECTIVE

To obtain a general knowledge of Resellers' market including

retail development, marketing of kerosine and L.P.G.

1 day - I. Retail Development

- (a) A general talk by the Reseller Assistant on the basic principles of retail selling i.e. the retail dealer network, products involved, supply arrangements, etc.
- (b) Network planning for the division, the 5-year planning and budget, trade analysis in zones, land tenure, values, etc.
- (c) Visit prospective sites in Kuala Lumpur sub-area and discuss problems that may arise.
- (d) Further discussion on trade in zones and planning.
- (e) Procedure of processing plans with the Authorities, procedure for a full case to H.O. Sales - Reseller Manager for a new project.
- (f) Discuss S.S.1 Forms and costing, submission of S.302 and other returns.
- (g) Budget covering capital items of equipment, control/forecast of equipment and M.E.P.

II. Retail Merchandising

To obtain a thorough knowledge of the work going on in a retail outlet and the duties performed by the personnel as well as the products sold including T.B.A. and specialities.

- 1 day -
- (a) Routine visit to selected stations and salesman will instruct on station cleanliness and standard of drive-way service expected of attendants, the keeping of records sales graphs, targets, etc.

- (b) Study the duties of Merchandising Salesman paying particular attention to incentive schemes, competitions, Shelllubrication/forecourt service, diversification, auxillary service and other sales promotion activities.

1 day -

- (a) Duties of Industrial Assistant.
(b) Visit industrial customers in Kuala Lumpur with consumer's salesman.

Kerosine Marketing

1 day -

- (a) Visit the Kerosine Repacking Centre and see how repacking of kerosine is carried out also visit tin factories.
(b) Spend one day with the Kerosine Salesman selling kerosine shop to shop. Discuss with Reseller Superintendent the problems of marketing Kerosine in Kuala Lumpur sub-area.

REVISED TRAINING PROGRAMME

1st week

I. General outline of division organisation covering the following important points:-

- (a) Division Office set-up including relationship with other divisions and with Head Office.
- (b) Division Trade, Market coverage and marketing plans and objectives.

II. Study briefly duties of:-

- (a) Chief Clerk - particularly procedure, preparation and control of AST/TSA.
- (b) General Clerk
 - i) Preparation of Contracts (direct/indirect), Hire Agreements (pumps/tanks) and Option Agreements.
 - ii) Filing System, Master File, Sales Standing Instructions and Retail Manual
 - iii) Available literature, Information Sheets, recommendation books, etc. for distribution to customers and for own use.
- (c) Statistics Clerk
 - i) Follow 'Flow Chart' of a bill.
 - ii) Customers record cards
 - iii) Statistical Returns
 - iv) Customers offtakes and Hollerith Statements.
- (d) Operations Clerk
 - i) Pumps and retail outlet maintenance
 - ii) R.F.P. and allocation of expenditure
 - iii) Transport - registration, classification and restrictions

III. Sales Standing Instructions and Retail Manual

- i) To read carefully and to note any points not clear.
- ii) To answer a test paper on selected questions.

IV. Delivery Order Section - Erichfields Depot

- (a) Prices - price lists, delivery terms, price changes advices, discounts, etc.
- (b) Preparation of delivery notes.
- (c) Credit control at Division Office level with emphasis on Industrial Lubricants.
- (d) Procedure as regards supplies to Government.
- (e) Stock Statements, Sales Sheets and returns.
- (f) Drum filling, blending of chemical products and physical stock checking of Industrial Lubricants.
- (g) Control of Maximum/Minimum stock.

DEPOT SUPERINTENDENT TO SUBMIT PROGRESS REPORT

2nd Week

I. Port Swettenham Installation - 3 days

- (a) Introductory talk by Installation Manager.
- (b) Detailed study of paper work involved in the keeping of records of both bulk and packed products, Daily Analysis Sheets and Product Stock Statements - 2 days.
- (c) Spend one day in the yard to look into the physical operations connected with (b) - receipt and despatch of bulk stocks by rail and lorry, filling, cleaning, etc. of drums, working of pumps and dipping of tanks, brief look at Chemicals Blending Plant.

II. Division Office

- (a) Salesmen's functions, records, weekly programme (planned coverage), objectives, etc.
- (b) Credit control.

2nd Week

Consumer Section

- (a) Set-up of Consumer Section and functions of Consumer Assistant and Industrial Salesman.
- (b) Visit selected bus and transport companies in Marketing Division.
- (c) Explain how survey of sawmills, brannmills, rice-mills brickworks and foundries in a Town should be carried out.
- (d) To carry out Lubricants Survey paying particular attention to lubricants and greases of rubber estates, oil palm estates, brickworks and transport companies and to complete and present a report. Trainees may discuss any doubtful points about the survey with Consumer Assistant at any time.

3rd Week

- I. (a) Set up of Retail Section and functions of Retail Assistant and Retail Salesman.
- (b) Procedure of preparing a complete case to H.O. Sales Retail for a new station, and conversion from filling station to Service station, etc.
- (c) Trade in Zones and forward planning for each Zone.
- (d) Annual Budget
- (e) Submission of S.302 and other returns.
- (f) Procedure of processing plans with Local Authorities with

emphasis on special important points such as, petroleum regulations, etc.

- (g) Visit selected retail outlets with Salesman observing how work is being carried out at retail outlets. Also visit prospective sites in Sub-district and discuss special qualities of sites and any queries trainee may have. Visit selected opposition outlets.

II. (a) Organisation and functions of Dealers' Kerosine Repacking Kongai.

(b) Visit repacking centre and observe how tins are being repacked.

(c) Follow one of dealers' lorries retailing kerosine in tins.

III. (a) L.P.G. set-up both domestic and industrial.

(b) Visit Ace Ltd. and prospective customers of L.P.G. for domestic and industrial applications.

RESELLER SUFT. TO SUBMIT PROGRESS REPORT

4th week

- I. Practical lubrication and forecourt training at a service Station.
- II. Study of Retail Outlet Profitability service station.

OBJECTIVES

- (a) To understand how to assess the profitability of an outlet and to be able to know the items which make up costs of operation in detail.
- (b) To know the duties of service station employees.
- (c) To be familiarised with the day-to-day operation of an outlet.

6th week

Exercise on Retail Development.

To prepare a complete case to H.C. Sales.

OBJECTIVES

- (a) To know the procedure of submitting S.S. 1 Forms.
- (b) To know the trade in zones and forward planning of each zone.
- (c) Submission of S.302 and other returns.

7th Week

L.R.A. and merchandising activities in Marketing Division.

8th/9th Week

I. Division Office

Set-up of Retail Merchandising Section in the division.

- (a) Study the duties of Merchandising Salesman including visits to selected retail outlets.
- (b) Explain sales promotion activities conducted in the division and various aids used in the implementation, advertising materials, visual aids, campaigns such as L.R.A. etc.
- (c) Examine the standard of Shelllubrication and driveway service offered, the quality of uniforms and recommend improvements.
- (d) Provide ideas and suggestions on competitions to be staged by division with a view to increase sales at retail outlets.

Retail Merchandising Salesman to submit Progress Report.

II. H.O. Sales Advertising Department

III. Discuss with Division Manager on previous 2 weeks' course.

10th Week

OBJECTIVE

To study our Market Coverage system critically and to understand clearly the duties of a salesman.

- I. Market Coverage - two sub-areas.
- II. To accompany a senior salesman on visits to consumers (excluding

estates) to examine our Market Coverage System critically.

III.

Report back through Division Manager the following:-

- (i) (a) Write down the purpose of every visit to these customers for the period of 1 month.
- (b) Is the timing and frequency of visits adequate/inadequate?
- (c) Were the visits necessary?
- (d) Can it be better organised? How?
- (ii) Prepare a brief job description of a general line salesman.
- (iii) Discuss report with D.M.

11th Week

Study in detail the distribution problem of a contractor of

Shell Company paying attention to:-

- (a) Transport rates given to contractor.
 - (b) Are the rates fair for his operation?
 - (c) Compare existing rates to that of competitors.
 - (d) Look into the prevailing retail prices at 3 small towns
- Are contractors (Shell & Competitors) using cartage to undercut prices?

12th Week

SPECIAL ASSIGNMENT.

APPENDIX IV

RELATIONSHIP OF RUBBER AND TIN PRICES TO CAR AND TYRE SALES

A Forecast on Tyre Requirements in Relation to the increase in car ownership (Malaya)

| YEAR | Total No. of Cars | Total No. of Tyres Required | No. of New Cars | No. of New Tyres Required | No. of Tyres Retreaded |
|------|-------------------|-----------------------------|-----------------|---------------------------|------------------------|
| 1954 | 52,500 | 131,250 | - | - | 65,600 |
| 1955 | 57,000 | 142,500 | 4,500 | 83,600 | 71,200 |
| 1956 | 65,800 | 164,500 | 8,800 | 106,400 | 82,200 |
| 1957 | 72,900 | 182,250 | 7,100 | 110,600 | 91,100 |
| 1958 | 78,400 | 196,000 | 5,500 | 113,100 | 98,000 |
| 1959 | 84,700 | 211,700 | 6,300 | 123,000 | 105,900 |
| 1960 | 96,600 | 241,500 | 11,900 | 153,400 | 120,700 |
| 1961 | 107,500 | 268,800 | 10,900 | 164,300 | 134,400 |
| 1962 | 117,600 | 294,000 | 10,100 | 174,800 | 147,000 |
| 1963 | 124,500 | 311,200 | 6,900 | 169,100 | 155,600 |
| 1964 | 139,000 | 347,500 | 15,500 | 216,400 | 173,800 |
| 1965 | 151,500 | 378,800 | 12,500 | 223,800 | 189,400 |
| 1966 | 165,100 | 412,800 | 13,600 | 243,900 | 206,400 |
| 1967 | 179,900 | 450,000 | 14,900 | 265,900 | 225,000 |
| 1968 | 197,800 | 494,700 | 17,900 | 296,500 | 247,300 |
| 1969 | 215,900 | 539,700 | 18,000 | 319,400 | 269,840 |
| 1970 | 235,500 | 588,800 | 19,600 | 348,400 | 294,400 |

**A FORECAST ON TYRE REQUIREMENT IN RELATION TO THE INCREASE
IN CAR OWNERSHIP (SINGAPORE)**

| YEAR | Total No. of Cars. | Total No. of Tyres Required | No. of New Cars | No. of New Tyres Required | No. of Tyres Retreaded |
|------|-----------------------|-----------------------------------|--------------------|---------------------------------|---------------------------|
| 1954 | 36,200 | 90,500 | - | - | - |
| 1955 | 42,000 | 105,000 | 5,800 | 68,450 | 52,500 |
| 1956 | 47,200 | 118,000 | 5,200 | 73,300 | 59,000 |
| 1957 | 52,300 | 128,200 | 4,100 | 75,400 | 64,100 |
| 1958 | 56,600 | 141,500 | 5,300 | 85,323 | 70,700 |
| 1959 | 61,200 | 153,000 | 4,600 | 89,150 | 76,500 |
| 1960 | 66,800 | 167,000 | 5,500 | 98,900 | 83,500 |
| 1961 | 73,600 | 184,000 | 6,800 | 110,700 | 92,000 |
| 1962 | 80,900 | 202,200 | 7,300 | 121,200 | 101,100 |
| 1963 | 85,600 | 214,000 | 4,700 | 119,900 | 107,000 |
| 1964 | 95,300 | 238,200 | 9,700 | 145,800 | 119,100 |
| 1965 | 103,800 | 264,400 | 10,500 | 161,000 | 132,200 |
| 1966 | 117,300 | 293,500 | 11,500 | 178,400 | 146,700 |
| 1967 | 130,300 | 325,900 | 13,000 | 198,800 | 162,900 |
| 1968 | 144,800 | 362,000 | 14,500 | 220,800 | 181,000 |
| 1969 | 160,000 | 402,200 | 16,074 | 245,300 | 201,100 |
| 1970 | 178,700 | 446,900 | 19,900 | 278,000 | 223,400 |

Sources:

Given Information

(1) Number of Cars - Statistical Year book 1963 (United Nations) 1963.
Page 382-383.

(2) Average number of tyres required, number of tyres retreaded, and number
of new tyres required - (Dunlop Company (M) Limited).

On the average each car requires a change of 2.5 of its tyres every year. Out of this, 1.25 tyres are retreaded every year and 1.25 changed for new tyres.

In the forecast new cars are accounted for with 4 tyres each.

Assumptions

- (1) That income per capita will continue to increase at 3 - 3½%.
- (2) That percentage increases for the forecasted period 64-70 of cars follow a similar pattern of increases as the past 10 years (average increase of actual period 1954 - 1964 Malaya. 9.11, Singapore 11.1%)
- (3) That no factor would exist in the future to obstruct the demand and purchases of cars in the future.

Conclusions

There exists a close relationship between the prices of Tin and Rubber (Malaya's chief earners of revenue) with the purchase of cars and therefore tyres for instance.

Significant rises in the purchase of cars in Malaya and Singapore from 1955 - 56, 1958 - 1960 are related to the rise in the prices of rubber and tin. The drop in the purchase of cars and that of tyres in 1962 - 1963 coincides with the drop in rubber prices from 1961 - 1963. And the rather sharp incline in car sales and of tyres could be due to the big jump in tin prices in 1964 offsetting the slight fall in rubber prices.

Note: Prices of rubber at R.S.S.I. were taken as representative of Rubber prices.

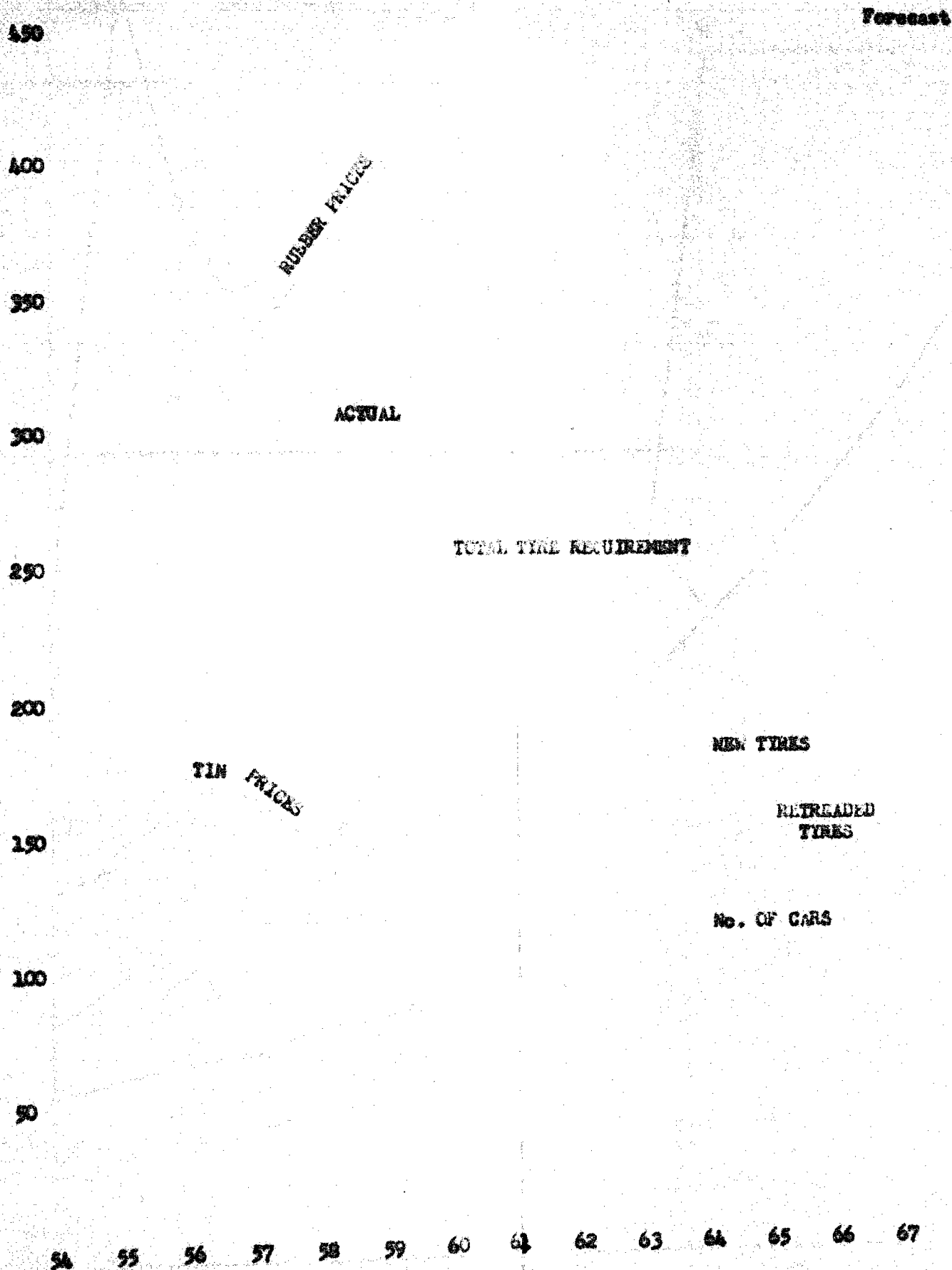
CONCENTRATION OF CAR OWNERSHIP BY STATES (DECEMBER 1964)

| STATES | Private Cars | | Total Vehicles | |
|--------------------|--------------|--------|----------------|--------|
| | Petrol | Diesel | Petrol | Diesel |
| Selangor | 43,748 | 2,794 | 89,089 | 10,720 |
| Perak | 21,511 | 1,528 | 55,414 | 5,974 |
| Penang & Wellesley | 18,276 | 717 | 44,051 | 2,632 |
| Johore | 14,860 | 910 | 36,904 | 5,419 |
| N. Sembilan | 8,926 | 408 | 18,833 | 1,985 |
| Kedah/Perlis | 6,618 | 235 | 17,876 | 2,564 |
| Malacca | 7,683 | 753 | 16,290 | 2,056 |
| Pahang | 4,671 | 95 | 9,790 | 1,376 |
| Kelantan | 3,147 | 27 | 9,799 | 786 |
| Terengganu | 2,653 | 89 | 6,052 | 916 |
| Total | 131,493 | 7,556 | 304,094 | 34,414 |

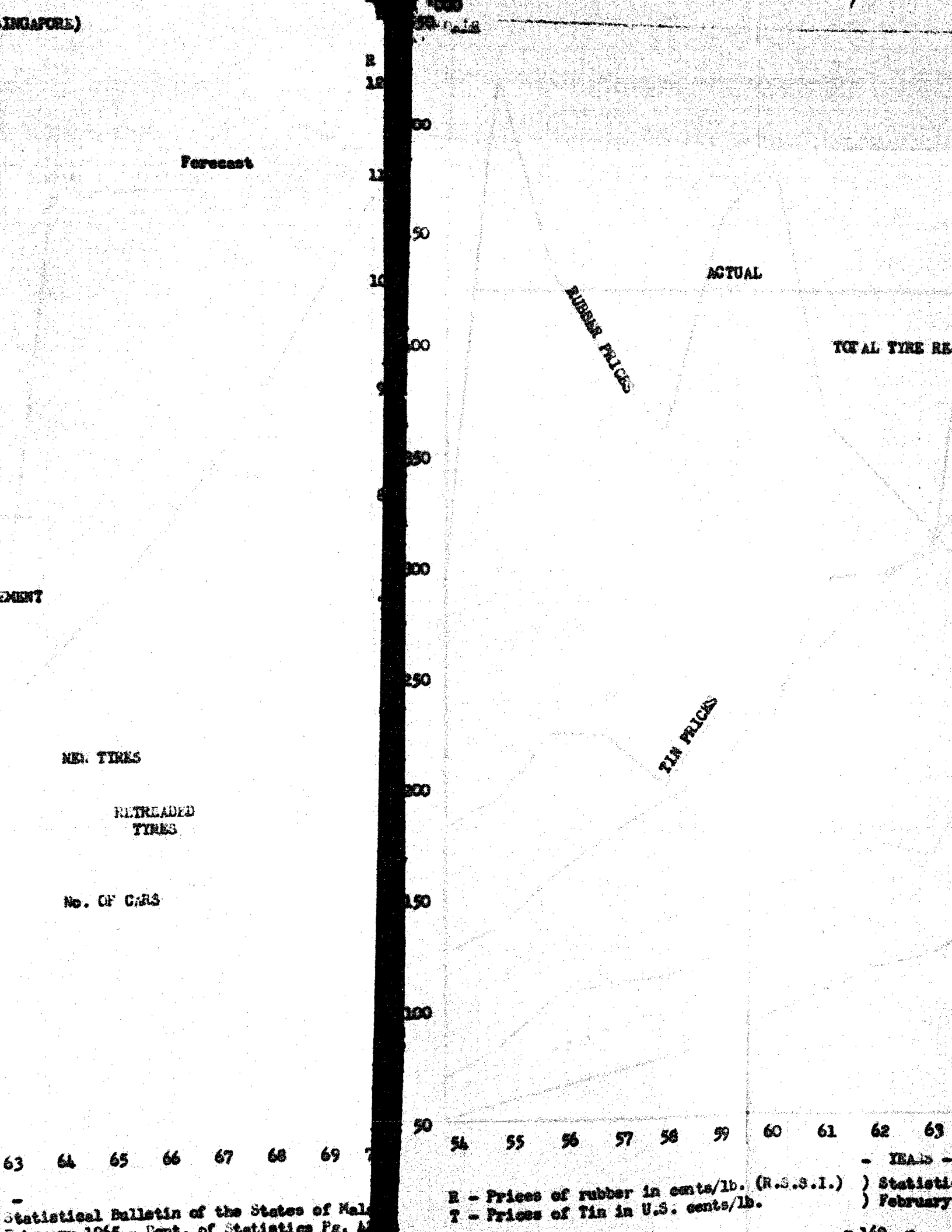
Source: Statistics of Motor Vehicles 1963 - 1964 Federal Road Transport Office Petaling Jaya.

TOTAL TYRE REQUIREMENTS (SINGAPORE)

No. of Units
in '000



- YEARS -



Forecast

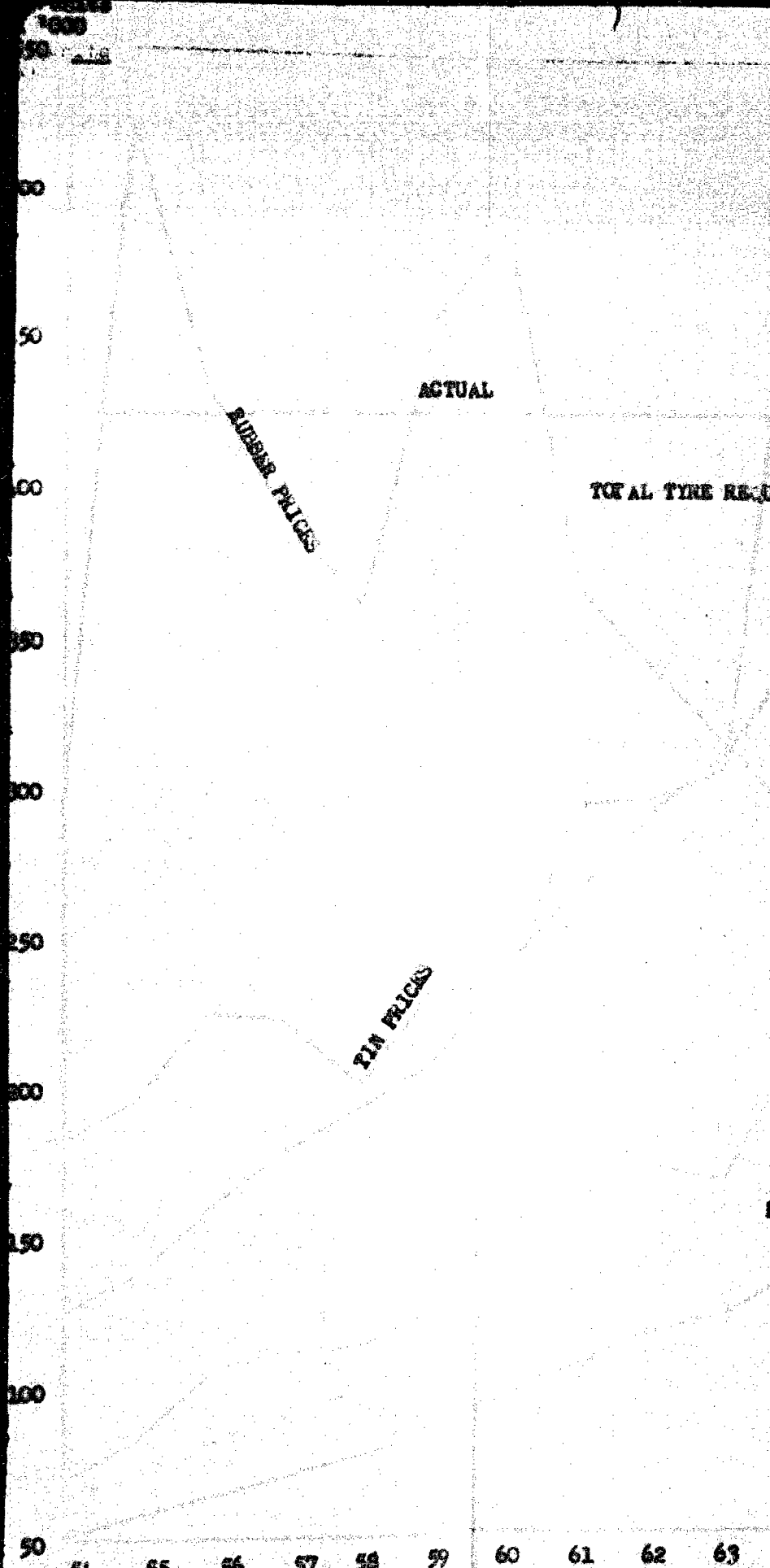
REMENT

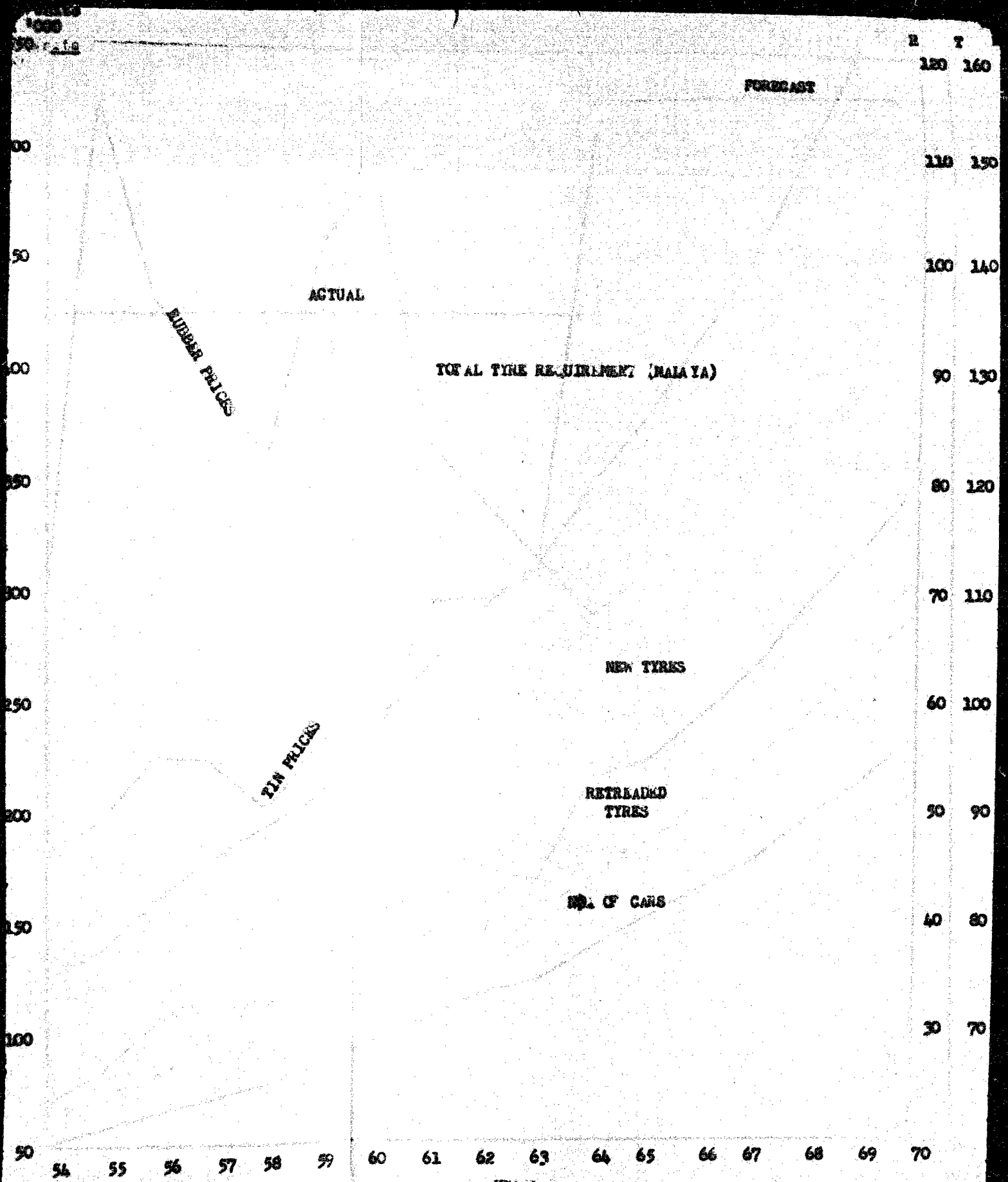
NEW TIRES

RETREADED
TIRES

No. OF CARS

63 64 65 66 67 68 69





R - Prices of rubber in cents/lb. (R.S.S.I.)) Statistical Bulletin of the States of Malaya
 T - Prices of tin in U.S. cents/lb.) February 1965 - Department of Statistics Pp. 42 - 56.

APPENDIX V

MEDIA RATES AND DATA

1. NEWSPAPER RATES AND DATA

(a) ENGLISH MEDIUM

(i) STRAITS TIMES

(Published simultaneously in Kuala Lumpur and Singapore with net sales exceeding 130,000 copies per issue).

General Advertising Rates

Public Notices per column inch \$20

Classified:

Personal and Domestic (Minimum charge) \$10

General (Minimum charge) \$ 5

Semi-Display Classifieds - General

(Minimum charge) \$15

Semi-Display Classifieds - Personal and

Domestic (Minimum charge) \$30

Display Advertisements

Per Single Column inch \$17

Guaranteed Positions

(For Minimum Series of 13 Insertions)

Front Page Spaces - plus 50% of basic rate

Front Page Bar Spaces - \$51 Nett

Other Specified Positions:

(e.g. Back Page, Leader Page, Opposite Leader Page,

Page 2 Selms, Page 3, Top of Column, etc.)

- plus 25% of basic rate

Half-page right hand, front half - plus 15% " " "

Full-page " " - plus 10% " " "

Preferred Positions:

(e.g. General News Page, Right-Hand Page,
Page 2, Feature Page, etc.)

- plus 10% of basic rate

Colour Advertising:

2 and multi-colour rates available on application.

Miscellaneous:

All the above are flat rates irrespective of frequency. Contracts are desirable when a schedule of insertions is contemplated to permit reservation of necessary space.

Editions

3 editions

- (1) For distribution to Eastern and Northern States (including Perak). Published in Kuala Lumpur.
- (ii) For distribution to Central Areas (including North Johore). Published in Kuala Lumpur.
- (iii) For distribution to Singapore and South Johore. Published in Singapore.

Circulation Data

The average daily circulation figure for the period April-June 1964 was 149,688. The distribution by various states is given below.

Straits Times

Distribution by State for Period April/June, 1964

| <u>State</u> | <u>No. of Copies</u> |
|---------------------|-----------------------------|
| Singapore | 63,903 |
| Perlis | 317 |
| Kedah | 3,514 |

| <u>State</u> | <u>No. of Copies</u> |
|--------------------|-------------------------|
| Penang | 9,528 |
| Province Wellesley | 833 |
| Perak | 14,524 |
| Selangor | 26,165 |
| Nagri Sembilan | 5,343 |
| Malacca | 4,827 |
| Johore | 9,451 |
| Kelantan | 1,876 |
| Tringgana | 1,249 |
| Pahang | 3,034 |
| Brunei | 783 |
| Sabah | 895 |
| Sarawak | 1,534 |
| Thailand | 269 |
| Hongkong | 76 |
| Subscribers | 882 |
| Free Copies | <u>685</u> |
| Total | <u>149,688</u> ===== |

Note: The initial distribution figures quoted above are subject to a maximum deduction of 5% except from Brunei, Sabah, Sarawak, Thailand and Hongkong.

NANYANG SIANG PAU

Circulation Data

Daily: average circulation figure for the period

February - April 1964 was 85,511

Sunday Editions: average for the same period was 99,380.

SIN CHEN JIT PUN

Circulation Data

| | |
|-----------------|-------------------------------|
| Singapore | 30,000 copies |
| Kuala Lumpur | 5,000 - 6,000 copies |
| Sunday edition: | 10,000 to 20,000 copies extra |

1 editions

- (i) For Central and North Malaya
- (ii) For South Malaya
- (iii) For Singapore

UTUSAN MELAYU

Circulation Data

The average daily circulation figure for June 1964 was 50,000 copies. The distribution by various states is shown below.

Circulation by State : May 1964

| <u>State</u> | <u>Utusan Malaya</u> | <u>Utusan Zaman</u> |
|--------------------|----------------------|---------------------|
| Perak | 6,382 | 6,427 |
| Selangor | 8,914 | 9,829 |
| Negeri Sembilan | 2,610 | 2,737 |
| Penang | 1,068 | 880 |
| Pahang | 2,324 | 2,280 |
| Province Wellesley | 1,247 | 1,288 |
| Kedah | 3,757 | 4,069 |
| Perlis | 516 | 522 |
| Johore | 7,947 | 8,061 |
| Malacca | 1,591 | 1,597 |
| Singapore | 8,362 | 8,711 |
| Kelantan | 2,177 | 2,285 |
| Trengganu | 1,597 | 1,766 |
| Brunei | 110 | 120 |
| Sarawak | 50 | 50 |
| Others | 26 | 26 |
| Total | 48,678 | Total 50,648 |

2. RADIO RATES AND DATA

(1) RADIO MALAYSIA - Kuala Lumpur

(1) Spot Rates

(Effective as from January 1, 1964)

| TIME | Chinese | | Malay | | English | | Indian | | |
|--------|---------------------------|--------|--------|--------|---------|--------|--------|--------|------|
| | Casual | Annual | Casual | Annual | Casual | Annual | Casual | Annual | |
| A Time | 40 sec. or 60 words | \$60 | \$70 | \$55 | \$90 | \$40 | \$35 | \$35 | \$30 |
| | 20 sec. or 30 words | \$30 | \$45 | \$35 | \$30 | \$30 | \$25 | \$20 | \$15 |
| | 40 sec. or 60 words | \$55 | \$90 | \$40 | \$35 | \$30 | \$25 | \$20 | \$15 |
| B Time | 20 sec. or 30 words | \$35 | \$30 | \$25 | \$20 | \$20 | \$15 | \$15 | \$10 |
| | 40 sec. or 60 words | \$55 | \$90 | \$40 | \$35 | \$30 | \$25 | \$20 | \$15 |
| | 20 sec. or 30 words | \$35 | \$30 | \$25 | \$20 | \$20 | \$15 | \$15 | \$10 |

Time

A Time 5.30 a.m. - 2 p.m. and 4.30 - 10 p.m.

B Time 2 - 4.30 p.m.

2. RADIO RATES AND DATA

(1) RADIO MALAYSIA - Kuala Lumpur

(2) Programme Rates

| TIME | Chinese | | Malay | | English | | Indian | | |
|--------|----------------------------|--------|--------|--------|---------|--------|--------|--------|-------|
| | Casual | Annual | Casual | Annual | Casual | Annual | Casual | Annual | |
| A Time | Up to 14 mins | \$14.5 | \$130 | \$195 | \$85 | \$70 | \$60 | \$90 | \$4.5 |
| | Double Prog. up to 29 mins | 230 | 210 | 120 | 110 | 105 | 95 | 70 | 60 |
| B Time | Up to 14 mins | 105 | 95 | 60 | 55 | 50 | 45 | 35 | 30 |
| | Double Prog. up to 29 mins | 155 | 140 | 85 | 75 | 70 | 65 | 45 | 40 |

Time

Time 5.30 a.m. - 2 p.m. and 4.30 - 10 p.m.

Time 2 - 4.30 p.m.

(11) RELIEFFORION - FRAGA LUNAR

Rates (effective as from March 1, 1963)

| | Chinese | | English | | Malay-Indian | |
|----------------------|---------|------|---------|------|--------------|------|
| | A | B | A | B | A | B |
| <u>Programmes</u> | | | | | | |
| 1 hr. | \$90 | \$65 | \$80 | \$60 | \$55 | \$45 |
| ½ hr. | 60 | 50 | 50 | 45 | 40 | 30 |
| ¼ hr. | 45 | 35 | 35 | 30 | 25 | 20 |
| <u>Spots/Jingles</u> | | | | | | |
| 30 sec. | 24 | 20 | 18 | 15 | 12 | 10 |
| 20 sec. | 21 | 17 | 16 | 13 | 11 | 9 |
| 15 sec. | 18 | 14 | 14 | 11 | 10 | 8 |
| 10 sec. | 15 | 11 | 12 | 9 | 9 | 7 |
| 5 sec. | 10 | 6 | 7 | 4 | 5 | 3 |

Time

A = A Time = 6 - 9.05 a.m., 11.55 a.m. - 2.05 p.m., 4.55 - 10.05 p.m.,

Sundays - All day.

B = B Time = 9.05 - 11.55 a.m., 2.05 - 4.55 p.m., 10.05 p.m. -

Midnight.

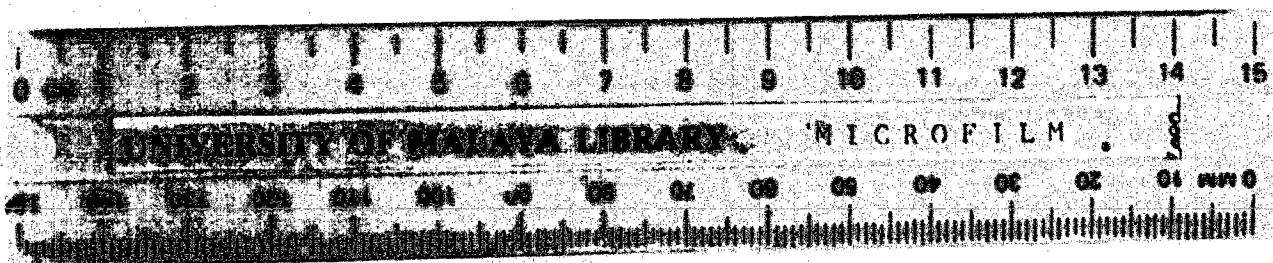
Discounts

| | 1-25 | 26-51 | 52-103 | 104-155 | 156-207 | 208-311 | 312-363 | 364+ |
|---|------|-------|--------|---------|---------|---------|---------|------|
| Programmes | - | 2% | 7% | 10% | 12% | 15% | 15% | 15% |
| Spots/Jingles 30, 20, 15, 10 and 5 sec. | - | - | 2% | 5% | 7% | 10% | 12% | 15% |

Frequency Discount

All programmes are bulked together 30, 20, 15 and 10 sec. spots/
jingles are bulked together.

5 sec. spots are considered separately.



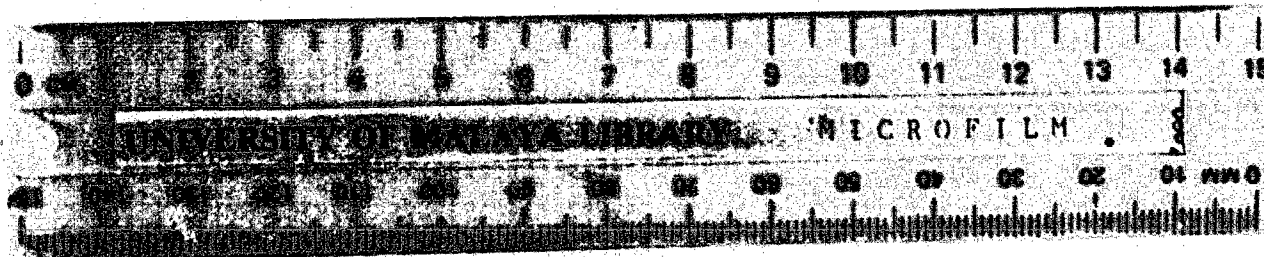
Discounts

| | 1-25 | 26-51 | 52-103 | 104-155 | 156-207 | 208-311 | 312-363 | 364+ |
|---|------|-------|--------|---------|---------|---------|---------|------|
| Programmes | - | 2½% | 7½% | 10% | 12½% | 15% | 15% | 15% |
| Spots/Jingles 30, 20, 15, 10 and 5 sec. | - | - | 2½% | 5% | 7½% | 10% | 12½% | 15% |

Frequency Discount

All programmes are bulked together 30, 20, 15 and 10 sec. spots/
jingles are bulked together.

5 sec. spots are considered separately.



(111) REDIFFUSION - IPOH

Rates (effective from August 1, 1964).

For simultaneous K.L./Ipoh broadcasts of
commercials, the following rates will be charged
in addition to Kuala Lumpur airtime rates:-

| | A Time | | B Time | |
|----------------------------|---------|---------|---------|---------|
| | English | Chinese | English | Chinese |
| <u>Programmes</u> | | | | |
| 1 hr. | \$9 | \$11 | \$7 | \$10 |
| $\frac{1}{2}$ hr. | 7 | 9 | 5 | 8 |
| $\frac{1}{4}$ hr. | 5 | 7 | 3 | 6 |
| <u>Spots/ingles</u> | | | | |
| 30 sec. | 2 | 3 | 2 | 3 |
| 20 sec. | 1 | 2 | 1 | 2 |
| 15 sec. | 1 | 1 | 1 | 1 |
| 5 sec. | 1 | 1 | 1 | 1 |

- Note:** (1) All rates are subject to same frequency discounts as applicable in Kuala Lumpur.
- (2) For sponsored programmes channelled through Kuala Lumpur/Ipoh stations, there will be no additional production charge to Kuala Lumpur rates.
- (3) "Ipoh only" commercials cannot be provided.

(iv) REDIFFUSION - PENANG

Rates (effective from March 1, 1963)

| | Chinese | | English-Malay-Indian | |
|----------------------|---------|-----|----------------------|-----|
| | A | B | A | B |
| <u>Programmes</u> | | | | |
| 1 hr. | 865 | 855 | 460 | 450 |
| ½ hr. | 45 | 40 | 40 | 35 |
| ¼ hr. | 35 | 25 | 30 | 25 |
| <u>Spots/Minutes</u> | | | | |
| 30 sec. | 11 | 9 | 11 | 9 |
| 20 sec. | 10 | 8 | 10 | 8 |
| 15 sec. | 9 | 7 | 9 | 7 |
| 10 sec. | 8 | 6 | 8 | 6 |
| 5 sec. | 6 | 4 | 6 | 4 |

Time

A = A Time)
B = B Time) same as Rediffusion - Kuala Lumpur

Discounts same as Rediffusion - Kuala Lumpur.

Audience Data (as at end of June, 1964).

Distribution of Sets

| | |
|------------------------------|-------|
| Homes | 5,849 |
| Shops | 2,578 |
| Coffee shops and restaurants | 592 |
| Hotels | 141 |
| Hospitals | 44 |
| Factories | 10 |

Total

9,214

Subscriber Strength

| | | |
|---------------|--------------|-------|
| Hokkien | 4,622 | |
| Cantonese | 1,856 | |
| Others | 1,168 | |
| | <u>7,646</u> | |
| Total Chinese | | |
| Europeans | 542 | |
| Indians | 421 | |
| Malays | 238 | |
| Others | <u>357</u> | 9,204 |

Extra Points

| | |
|--|--------------|
| Mostly in coffee shops and restaurants | <u>567</u> |
| Total | <u>9,771</u> |

3. CINEMA RATES AND DATA

(1) CATHAY ORGANIZATION - ADVERTISING CHARGES

| Theatre | Type | Screening Time or Footage | Charge (\$) | Duration |
|----------|---------|------------------------------|----------------|----------|
| Cathay | Slide | 8 - 10 sec. | 35 | 1 month |
| | Filmlet | 20 sec. | 74 | 1 week |
| | | 30 sec. | 104 | 1 week |
| | | 45 sec. | 126 | 1 week |
| | | 60 sec. | 148 | 1 week |
| | | 2 min. | 296 | 1 week |
| Pavilion | Slide | 8 sec. | 30 | 1 month |
| | Filmlet | 25 ft. and below | 45 | 1 week |
| | | 26 - 36 ft. | 56 | 1 week |
| | | 37 - 55 ft. | 78 | 1 week |
| | | 56 - 69 ft. | 95 | 1 week |
| | | 70 - 100 ft. | 111 | 1 week |

Note: (1) Charges of all theatres within the Cathay Organisation vary. Their charges are based on total attendances at the respective theatres.

(2) Firms wishing to advertise have to supply their own slides or filmlets.

(11) SHAW BROTHERS - ADVERTISING CHARGES

| Theatre | Type | Screening Time or Footage | Charge (£) | Duration |
|--|----------|------------------------------|---------------|----------|
| Federal | Slide | 2 - 10 sec. | 70 | 1 month |
| Rex | Slide | 5 - 8 sec. | 62 | 1 month |
| Lido | Slide | 10 sec. | 28 | 1 month |
| Madras (Screens only Chinese films) | Slide | 5 - 10 sec. | 55 | 1 month |
| | Filmlets | 30 - 45 ft. | 84 | 1 week |
| | | 46 - 67 ft. | 114 | 1 week |
| | | 68 - 90 ft. | 134 | 1 week |
| | | 91 - 180 ft. | 168 | 1 week |
| | | 180 and above | 336 | 1 week |

Note: Pearl & Dean, an international advertising company, has a contract with Shaw Brothers whereby all firms wishing to advertise with the use of filmlets at Shaw theatres approach Pearl and Dean.

4. READERSHIP SURVEY OF TEST

READERSHIP SURVEY OF THE STRAITS TIMES

(a) Readership per copy

Every copy of the Straits Times is seen by an average of 4 readers, of these 2.5 are male and 1.5 are female.

(b) Households by Race Distribution

| Race | % Straits Times Households | % Non-Straits Times Households |
|---------|-------------------------------|-----------------------------------|
| Malay | 20 | 51 |
| Chinese | 50 | 38 |
| Indian | 20 | 10 |
| Others | 10 | 1 |
| Total | 100 | 100 |

Note: (1) 86% of total circulation of Straits Times enters the household. Of the estimated 1,927,300 households in Malaya in June 1963, the Straits Times enters 168,600.

(2) A "Straits Times" Household is one which reads the Straits Times regularly, but not necessarily every day.

(c) Income Group Distribution

| <u>Income</u> | <u>Straits Times</u> <u>Households</u> | <u>Non-Straits</u> <u>Times Households</u> |
|-----------------|---|---|
| | (%) | (%) |
| \$ 0 - 150 | 3 | 43 |
| \$ 151 - 300 | 20 | 35 |
| \$ 301 - 500 | 38 | 16 |
| \$ 501 - 1,000 | 27 | 5 |
| \$1,001 - 1,500 | 10 | 1 |
| Over 1,500 | 2 | - |
| | <hr/> | <hr/> |
| Total | 100 | 100 |
| | ===== | ===== |

BIBLIOGRAPHY

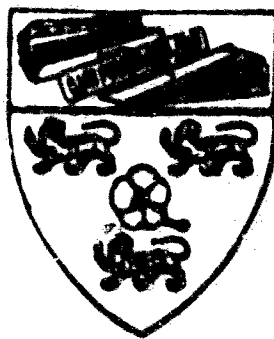
Books

- (1) Basic Marketing by J.E. McCarthy - Richard D. Irwin. Inc.
- (2) Marketing by H.S. Haichingsfield and A.R. Elarhonsky, (New York, Barnes and Noble, 1957).
- (3) The Economics of Advertising by F.W. Taylor, London, Allen and Unwin, 1934.

Reports, Articles and Journals

- (4) The Monthly State Bulletin of the States of Malaya. November 1964, and January 1965.
- (5) Population Census Report of Malaya 1957. Statistics Department Report No. 14.
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- (7) Press Advertising Year book, 1961, 1962 and 1963.
- (8) Advertising Campaigns of Firms in four selected Industries by July Chia 1964.
- (9) Prospectus of Rothmans of Pall Mall (M) Ltd.
- (10) Annual Report of Rothmans of Pall Mall (M) Ltd. 1963 and 1964.
- (11) Service Bulletin, Shell Co. (M) Ltd. 1964 and 1965.
- (12) Hydrocarbon Survey undertaken by Shell Co. (M) Ltd. through Mr. Raymond Tan.
- (13) Survey of the Gasoline Market by Esso Co. (M) Ltd.
- (14) Principal Statistics of selected Manufacturing industries (1963) for the States of Malaya - Statistics Department.
- (15) The Time Magazine Sept. 29 1963.
- (16) A Study of the Promotional Activities of Fraser and Neave Ltd. by Teoh Eng Chooi. 1964.

- (17) A Study of the Promotional Activities of Dunlop Malayan Industries
Led by Yang Kim San.
- (18) A Study of the Promotional Activities of Sherikat Berhad Lever
Brothers Malaya by Cheong Sin Cheong.
- (19) A Study of the Promotional Activities of Pottery of Pall Mall (")
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- (20) The Palmolive Malaysia No. 1. 1st October 1965.
- (21) The Remembering and Forgetting of Advertising by Robert A. Zielke -
The Journal of Marketing.
- (22) Statistical Year Book 1963. (United Nations).
- (23) Statistics of Motor Vehicles 1963 - 1964. Federal Road Transport
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TAMAT



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